SonicStrategy Inc.

(formerly Spetz Inc.)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN US DOLLARS)

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Independent Auditors' Report

To the Shareholders of SonicStrategy Inc. (formerly Spetz Inc.)

Opinion

We have audited the consolidated financial statements of SonicStrategy Inc. (formerly Spetz Inc.) and its subsidiaries (the "Group" or the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency), and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Company had an accumulated deficit of $45,059,220 as at December 31, 2025 and incurred a net loss of $8,816,472 for the year ended December 31, 2025 and, as of that date, and the company's current liabilities exceeded its current assets by $727,348. As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified audit opinion on those statements on April 28, 2025.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

1. Intangible assets - Sonic, Bitcoin, Sonic Vesting Rights and aSonsT$

Description of the key audit matter

The Company has Intangible assets - Sonic, Bitcoin, Sonic Vesting Rights and aSonsT$ ("Digital assets") with a fair value of $11,259,535 as at December 31, 2025. See Note 6 - 10 in the consolidated financial statements for further details.

Why the matter is a key audit matter

Digital assets are a key audit matter due to the significant magnitude of the holdings relative to the consolidated financial statements. Significant judgement was required by management in determining the appropriate accounting policy under IFRS, assessing the Company's rights and ownership of the digital assets, and evaluating whether the entity has control over digital assets.

How our audit addressed the key audit matter

With reference to the Company's accounting policy, we evaluated management's assessment of digital assets, including the applied accounting policy and the assertions of existence, valuation, and rights and ownership. Specifically, our work included, but was not limited to, the following procedures:

- Consulting with a subject matter expert regarding our planned audit response to address risks of material misstatement.
- Evaluating the accounting policy for digital assets in accordance with the IFRS.
- Obtaining an understanding of the counterparties that had custody of digital assets.
- Performing a test of details on digital asset transactions during the year.
- Confirming December 31, 2025 coin balances with the respective counterparties.
- Performing audit procedures to confirm existence, rights and ownership of digital assets.
- Testing the valuation of digital assets based on the Company's accounting policy.
- Reviewing the adequacy of the presentation, classification and disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for the year ended December 31, 2025.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis of Financial Conditions and Results of Operations for the year ended December 31, 2025 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jessie Singh.

"Jessie Singh" (signed)

HDCPA Professional Corporation
Chartered Professional Accountants,
Authorized to practice public accounting by CPA Ontario

Mississauga, ON
April 28, 2026

SonicStrategy Inc. (formerly Spetz Inc.)
Consolidated Statements of Financial Position
(Expressed in US Dollars)

As at	Notes		December 31, 2025		December 31, 2024
ASSETS					
Current assets					
Cash		$	101,216	$	923
Intangible assets - USDC	6		281,323		-
Accounts receivable	5		-		262,692
Other receivables	5		-		34,485
Prepaid expenses	5		-		53,774
Total current assets			382,539		351,874
Non-current assets					
Intangible assets - Sonic	7		10,028,424		-
Intangible assets - Bitcoin	8		324,792		-
Intangible assets - Sonic vesting right (zero-coupon claim)	9		31,904		-
Intangible assets - aSonsT$ (Aave Loop)	10		593,092		-
Goodwill	5,13		901,018		331,822
Property, plant and equipment, net	5		-		13,172
Investments	5,15		-		46,272
Intangible assets	5,14		-		1,600,274
Total non-current assets			11,879,230		1,991,540
Total assets		$	12,261,769	$	2,343,414
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	5	$	280,100	$	558,672
Convertible debenture	5,12		404,524		870,107
Sonic tokens borrowed (Aave Loop)	10		425,264		-
Short-term bank credit	5		-		144,433
Other payables	5		-		757,392
Related party payables	5		-		1,523,512
Deferred revenue	5		-		204,841
Related party convertible debenture	5		-		273,299
Total current liabilities			1,109,888		4,332,256
Non-current liabilities					
Employee benefit liabilities	5		-		16,712
Sonic Labs convertible debenture	11, 21		9,349,847		-
Total liabilities			10,459,735		4,348,968
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	16		31,987,989		22,746,641
Warrant reserve	17		9,533,202		7,170,470
Share-based payments reserve	18		5,063,939		4,145,779
Equity portion on convertible debenture	12		188,860		132,305
Accumulated revaluation surplus			-		-
Accumulated currency translation adjustment (CTA)			87,265		42,000
Accumulated deficit			(45,059,221)		(36,242,749)
Total shareholders' equity (deficiency)			1,802,034		(2,005,554)
Total liabilities and shareholders' equity (deficiency)		$	12,261,769	$	2,343,414

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

SonicStrategy Inc. (formerly Spetz Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US Dollars)

For the year ended	Notes		December 31, 2025		December 31, 2024
Revenue					
Staking revenue	7,10	$	356,106	$	-
Expenses					
Management fees	21		271,691		-
Director fees	21		52,196		-
Consulting fees			249,946		-
Investor relations consulting fees			608,472		-
Public company expenses			113,789		-
Professional fees			540,948		-
General and administrative			18,932		-
Travel			112,676		-
Interest and accretion	12,21		61,243		-
Foreign exchange loss			2,335		-
Share-based compensation	18		1,265,971		-
Net loss from operations		**$**	**(2,942,093)**	**$**	**-**
Other income (loss)					
Impairment of intangible assets	9		(86,598)		-
Impairment of goodwill	13		(2,854,309)		-
Bad debt expense			(17,920)		-
Loss on settlement of debt with share issuance	16		(828,876)		
Realized loss on digital currencies - intangible assets	7		(63,658)		-
Revaluation loss on digital currencies - intangible assets	7,8,10		(32,515,974)		-
Revaluation gain on digital currencies - financial liabilities	10,11		29,875,520		-
Net loss before discontinued operations		**$**	**(9,433,908)**	**$**	**-**
Discontinued operations - gain on disposition of legacy business	5		967,876		-
Discontinued operations - loss from legacy business	19		(350,440)		(1,495,749)
Net loss for the year		**$**	**(8,816,472)**	**$**	**(1,495,749)**
Other comprehensive income (loss)					
Revaluation of digital currencies – intangible assets	8		-		-
Foreign currency translation adjustment (CTA)			45,265		(46,000)
Comprehensive loss for the year		**$**	**(8,771,207)**	**$**	**(1,541,749)**
Weighted average shares outstanding					
- Basic and diluted			37,949,653		5,628,594
Loss per share from continuing operations - basic and diluted			(0.25)		-
Income (loss) per share from discontinued operations - basic and diluted			0.02		(0.27)
Loss per share from operations - basic and diluted			(0.23)		(0.27)

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

SonicStrategy Inc. (formerly Spetz Inc.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in US Dollars)

	Notes	Number of Shares	Share capital	Warrants reserve	Share-based payments reserve	Equity portion on convertible debenture	Accumulated Deficit	Accumulated Foreign Currency Translation Adjustment	Accumulated Revaluation Surplus	Total
Balance, December 31, 2023		**5,194,856**	**22,511,725**	**7,170,470**	**4,192,805**	**105,000**	**(34,747,000)**	**88,000**	**-**	**(679,000)**
Share-based compensation		-	-	-	20,696	-	-	-	-	20,696
Shares issued to settle debt		572,532	167,194	-	-	-	-	-	-	167,194
Equity portion on convertible debenture		-	-	-	-	27,305	-	-	-	27,305
Shares issued on RSUs vested		16,232	67,722	-	(67,722)	-	-	-	-	-
Net loss for the year		-	-	-	-	-	(1,495,749)	-	-	(1,495,749)
Revaluation of digital currencies – intangible assets		-	-	-	-	-	-	-	-	-
Foreign currency translation adjustment (CTA)		-	-	-	-	-	-	(46,000)	-	(46,000)
Balance, December 31, 2024		**5,783,620**	**22,746,641**	**7,170,470**	**4,145,779**	**132,305**	**(36,242,749)**	**42,000**	**-**	**(2,005,554)**
Balance, December 31, 2024		**5,783,620**	**22,746,641**	**7,170,470**	**4,145,779**	**132,305**	**(36,242,749)**	**42,000**	**-**	**(2,005,554)**
Share-based compensation	18	-	-	-	1,265,971	-	-	-	-	1,265,971
Equity portion on convertible debenture	12	-	-	-	-	113,708	-	-	-	113,708
Shares issued to settle debt	16	4,456,457	1,111,413	-	-	-	-	-	-	1,111,413
Shares issued on private placement	16	22,005,523	4,722,115	-	-	-	-	-	-	4,722,115
Warrants issued on private placement	17	-	-	1,784,789	-	-	-	-	-	1,784,789
Private placement - transaction cost	16	-	(399,898)	-	-	-	-	-	-	(399,898)
Broker warrants issued on private placement - transaction cost	16,17	-	(470,207)	470,207	-	-	-	-	-	-
Shares issued on acquisition of Sonic	4,16	13,999,999	3,670,302	-	-	-	-	-	-	3,670,302
Shares issued on acquisition of Sonic - advisory fee	4,16	700,000	183,515	-	-	-	-	-	-	183,515
Shares issued on acquisition of Sonic - transaction cost	4,16	-	(183,515)	-	-	-	-	-	-	(183,515)
Shares issued on convertible debenture exercise	12,16	2,445,660	259,812	-	-	(57,153)	-	-	-	202,659
Warrants issued on convertible debenture exercise	12,17	-	-	107,736	-	-	-	-	-	107,736
Shares issued on RSUs vested	16,18	229,207	347,811	-	(347,811)	-	-	-	-	-
Net loss for the year		-	-	-	-	-	(8,816,472)	-	-	(8,816,472)
Revaluation of digital currencies – intangible assets		-	-	-	-	-	-	-	-	-
Foreign currency translation adjustment (CTA)		-	-	-	-	-	-	45,265	-	45,265
Balance, December 31, 2025		**49,620,466**	**31,987,989**	**9,533,202**	**5,063,939**	**188,860**	**(45,059,221)**	**87,265**	**-**	**1,802,034**

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

SonicStrategy Inc. (formerly Spetz Inc.)
Consolidated Statements of Cash Flows
(Expressed in US Dollars)

For the year ended		December 31, 2025		December 31, 2024
Cash flows from operating activities				
Net loss for the year	$	(8,771,207)	$	(1,495,749)
Non-cash items:				
Interest and accretion		61,243		182,000
Depreciation and amortization expense		143,000		358,000
Increase of related party payables		-		309,000
Spetz legacy business disposal		(967,876)		-
Revaluation on digital assets		32,515,974		-
Revaluation on financial liabilities		(29,875,520)		-
Realized loss on digital assets		63,658		-
Impairment of goodwill		2,854,309		-
Impairment of intangible assets		86,598		-
Bad debt expense		17,920		-
Loss on settlement of debt with share issuance		828,876		-
Staking revenue		(356,106)		-
Expenses paid by digital currencies (S and USDC)		570,735		-
Revaluation and income from sale of investment		-		(25,000)
Foreign exchange loss		2,335		-
Share based compensation		1,265,971		21,000
		(1,560,090)		(650,749)
Net change in non-cash working capital items:				
Accounts receivable, net		2,357		210,000
Other receivables		2,450		(17,000)
Prepaid expenses		(1,972)		14,000
Deferred revenue		11,897		(83,000)
Employee benefit liabilities		613		1,000
Accounts payable and accrued liabilities		146,394		(171,000)
Cash flows used in operating activities		(1,398,351)		(696,749)
Cash flows from investing activities				
Restricted cash		-		53,000
Sale of investments		-		64,000
Purchase of digital currencies		(4,164,220)		-
Cash flows (used in) provided by investing activities		(4,164,220)		117,000
Cash flows from financing activities				
Decrease of short term bank credit		(50,431)		(169,000)
Decrease of long term loans		-		(16,000)
Increase of related party payables		-		747,000
Net proceeds from private placements, net of costs		5,732,097		-
Interest paid		(16,367)		-
Cash flows provided by financing activities		5,665,299		562,000
Effects of exchange rate changes on cash		(2,435)		(3,328)
Increase (decrease) in cash		100,293		(21,077)
Cash, beginning of the year		923		22,000
Cash, end of the year	$	**101,216**	$	**923**

Supplemental disclosure of cash flow information				
Shares issued on acquisition of Sonic, net	$	3,670,302	$	-
Shares issued to settle debt		1,111,413		-
Proceeds from private placements received in S tokens		184,642		-
Proceeds from private placements received in USDC		190,267		-

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

1. Nature of Operations and Going Concern

SonicStrategy Inc. (the “Company”, formerly Spetz Inc.) was incorporated on December 11, 1998, under the laws of the Province of Ontario, Canada. The registered office and principal place of business of the Company is 77 King Street West, Suite 400, Toronto, Ontario, M5K 0A1, Canada. The Company is listed on the Canadian Securities Exchange (“CSE”) and trades under the symbol “SONI”.

Prior to June 1, 2025, the Company had a global online, AI-powered marketplace platform that dynamically connected consumers to nearby rated service providers within 30 seconds. The Company operated in Israel, Australia, the United Kingdom and the United States. On June 1, 2025, the Company completed the sale of its legacy operating business, the Spetz app platform, along with all associated assets, liabilities, and subsidiaries, including its holdings in Spetz Tech Ltd, Spetz Inc (US) and Kirobo Ltd.

On March 17, 2025, the Company completed its acquisition of Sonic Strategy Inc. (“SonicStrategy”). SonicStrategy is a blockchain staking company focused on the Sonic blockchain. With the completion of the acquisition of SonicStrategy, the Company further strengthened its capabilities in blockchain infrastructure and staking solutions.

Following SonicStrategy acquisition and Spetz legacy business sale, the Company now focuses on expanding its validator operations, increasing staking adoption, and integrating with the Company's broader ecosystem with the goal of unlocking new blockchain-based revenue opportunities. The Company aims to drive growth in staking solutions, validator-as-a-service (VaaS), and enterprise blockchain adoption. On December 2, 2025, the Company filed articles of amendment to complete its legal name change to SonicStrategy Inc.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses from operations and negative cash flows from operations since inception. As of December 31, 2025, the Company had incurred accumulated losses of $45,059,221 and expects to continue to fund its operations through capital fundraising and future revenues. There is no assurance that such financing will be obtained. Considering the above, these factors raise material uncertainties related to events or conditions that may cast significant doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

While the Company’s financial position improved significantly during the year due to the contribution of Sonic tokens under the Sonic Labs debenture (see Notes 3 and 11 below for more details), this transaction does not eliminate the Company’s liquidity risk. The debenture does not require a cash repayment and may be settled through either conversion to or the return of Sonic tokens at maturity; however, the contributed tokens are subject to a contractual four-year lock-up and therefore cannot be monetized or used to fund operating activities in the near term. As a result, despite the non-cash nature of the debenture settlement, the Company continues to rely on external financing and future operating revenues to fund its business activities. These factors contribute to the material uncertainties that raise significant doubt about the Company’s ability to continue as a going concern.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("IASB") and effective for the year ended December 31, 2025.

These consolidated financial statements were approved by the Board of Directors on April 28, 2026.

Basis of Measurement

These consolidated financial statements have been prepared using the historical cost basis except for certain financial instruments and digital assets, which are measured at fair value as required by IFRS. The financial statements are prepared on an accrual basis of accounting, except for cash flow information. There were new accounting policies adopted in 2025 relating to digital assets, validator and staking arrangements, DeFi transactions, and the Sonic Labs convertible debenture, which are described in Note 3. These new policies were adopted as a result of the Company's transition to a digital asset business and were not applicable in prior years.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions were eliminated on consolidation. Subsidiaries are entities the Company controls when it has the power, directly or indirectly to govern the financial and operating policies of an entity, and it is exposed, or has rights, to variable returns from its involvement with the entity.

Subsidiaries	Jurisdiction of incorporation	Status	Functional Currency	Ownership interest
2618249 Ontario Corp.	Ontario, Canada	Active	CAD	100%
Sonic Strategy Inc.	Alberta, Canada	Inactive	CAD	100%
DataNavee Corporation	Ontario, Canada	Inactive	CAD	100%
Digimax Fund SPC	Cayman Islands	Inactive	CAD	80%
Digimax Global BVI inc.	Cayman Islands	Inactive	CAD	100%
Delphi Crypto AiCi	USA	Inactive	USD	100%

Functional and Presentation Currency

All figures presented in these consolidated financial statements are reflected in United States dollars, which is the Company's presentation currency. The Company's functional currency is Canadian dollars ("CAD"). Foreign currency transactions are translated into CAD dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to CAD dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains or losses are recognized through profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction unless it is measured at fair value in which case it is translated using the exchange rate at the date when the fair value was measured.

Significant judgements, estimates and assumptions

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates.

In applying the Company's accounting policies, management has made the following significant judgements:

Classification of digital assets
Management determined that Sonic tokens, Bitcoin, USDC and Aave receipt tokens meet the definition of intangible assets under IAS 38, as they do not represent a contractual right to receive cash or another financial asset. Judgment was also applied in selecting the revaluation model under IAS 38, as IFRS does not provide explicit guidance on the accounting for digital assets.

Control over digital assets
Judgment is applied in assessing control over digital assets held in self-custodied wallets, delegated to validators, held with custodians, or supplied to DeFi protocols. Management concluded that the Company retains control in all cases, as it has the ability to direct the use of the assets and obtain substantially all of the economic benefits, and is exposed to the associated risks.

Derecognition and accounting for DeFi arrangements
Judgment is applied in determining that digital assets supplied to DeFi protocols (e.g., Aave) are not derecognized, as the Company retains control over the underlying assets and continues to be exposed to risks and rewards. Related receipt tokens are accounted for as separate intangible assets.

Fair value determination and hierarchy classification
Judgment is applied in determining the principal (or most advantageous) market for digital assets, the selection of pricing sources, and the classification within the IFRS 13 fair value hierarchy. Management concluded that certain digital assets are classified as Level 2, as fair values are derived from observable inputs but not from a single unadjusted quoted price in an active principal market.

Classification of Sonic Labs convertible debenture
The debenture is classified as a financial liability as it fails the IAS 32 fixed-for-fixed criterion due to settlement in a variable number of tokens and contingent conversion features. Judgment is also applied in determining that the conversion feature does not represent a separate equity component and is not significant to the fair value at the reporting date.

Revenue recognition – staking rewards
Judgment is applied in determining the timing of revenue recognition for staking rewards, including the conclusion that rewards are earned as validation services are performed and when the protocol confirms entitlement. This includes the recognition of unclaimed rewards when the right to receive them arises.

Principal versus agent assessment (staking activities)
Judgment is applied in determining that the Company acts as a principal in staking arrangements, as it controls the validator infrastructure, bears operational risks, and retains the rewards generated.

Cash-generating unit determination
Management determined that the Company operates as a single cash-generating unit following its transition to digital asset operations, as assets generate cash flows collectively rather than independently.

Presentation of discontinued operations
Judgment is applied in determining whether the disposal of the legacy Spetz business represents a discontinued operation under IFRS 5. Management concluded that the disposed operations constituted a separate major line of business, distinct from the Company's current blockchain and digital asset operations.

The following are key assumptions concerning the future and other sources of estimation uncertainty that have a significant risk of resulting in a material adjustment:

Goodwill impairment
The recoverable amount of the cash-generating unit is based on discounted cash flow models or fair value less costs of disposal. These calculations require the use of estimates, including projected cash flows, discount rates, terminal growth rates, and assumptions regarding future market conditions in the digital asset industry.

Fair value of digital assets
The fair value of Sonic tokens, Bitcoin, USDC and Aave receipt tokens is determined using observable market data, including quoted prices from exchanges and pricing aggregators. Estimation uncertainty arises due to market volatility, differences across trading venues, and the selection of pricing inputs.

Fair value of Sonic Labs convertible debenture
The fair value of the debenture is based primarily on the market price of Sonic tokens and the contractual settlement mechanism. Estimation uncertainty arises from token price volatility and assumptions regarding settlement outcomes and the significance of embedded features.

Fair value of DeFi positions (Aave loop)
The valuation of Aave receipt tokens and related borrowing positions is based on observable inputs such as token prices and protocol indices. Estimation uncertainty arises from changes in market conditions, interest rate dynamics within the protocol, and liquidity assumptions.

Impairment of intangible assets (Sonic vesting right)
The recoverable amount of the vesting right is determined based on the fair value of the underlying tokens expected to be received. Estimation uncertainty arises from fluctuations in token prices and assumptions regarding timing and realization.

3. Summary of Material Accounting Policies

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Financial assets other than cash and cash equivalents are all classified and measured at amortized cost. Cash and cash equivalents are measured at fair value. All financial liabilities are classified and measured at amortized cost.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of financial position is comprised of cash at banks as well as money market instruments. The Company's cash and cash equivalents are maintained with major financial institutions. All funds are available on demand.

Income Taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to taxes with regards to previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset for losses is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

Equity Instruments Issued with Warrants

The Company uses the relative method with respect to the measurement of common share units that include warrants. The fair value of warrants is determined using the Black-Scholes option pricing model and the net proceeds received are allocated to the shares and warrants in a unit based on their relative fair values at the date of issue.

The value attributed to the warrants issued is credited to contributed surplus. If and when the warrants are exercised, the amounts initially recognized are credited to share capital along with the consideration received on the exercise of the warrants. For those warrants that are not exercised and expire the recorded value remains indefinitely in contributed surplus.

Warrants issued on a stand-alone basis are valued using the Black-Scholes option pricing model and treated as share-based payments and charged to expense.

Share-based Payments

Options granted to employees and others providing similar services to acquire the Company's shares are measured at fair value at the grant date using the Black-Scholes option pricing model. The fair value is recognized over the year in which options vest using the graded vesting method.

Share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Upon exercise of the options, consideration paid by the option holder together with the fair value amount previously recognized in contributed surplus are recorded as increases to share capital. For those options that expire after vesting, the recorded fair value remains indefinitely in contributed surplus.

Loss Per Share

The Company presents basic loss per share data for its common shares outstanding, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding at the end of the year. Diluted loss per share is determined by adjusting the denominator to include the weighted average number of common shares outstanding plus the assumed conversion of all dilutive securities under the treasury stock method. However, this is not used as it would be anti-dilutive.

Impairment

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any intangible asset, such as goodwill, with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill. Management assesses intangible assets with indefinite lives for impairment on an annual basis.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. An impairment loss is reversed when there has been a change in estimate that is relevant for the determination of the asset's recoverable amount since the last impairment loss was recognized.

Digital Assets – Sonic, USDC, Bitcoin and aSonsT$ (Aave Receipt Tokens)

The Company holds Sonic tokens ("S"), USDC stablecoins, Bitcoin ("BTC"), and Aave receipt tokens ("aSonsT$"). These assets meet the definition of intangible assets under IAS 38, as they are identifiable non-monetary assets without physical substance and do not give rise to contractual rights to receive cash or other financial assets.

- Sonic tokens and Aave receipt tokens are accounted for as intangible assets with indefinite useful lives under IAS 38 and measured using the revaluation model. Upward revaluations are recognized in other comprehensive income (OCI) and accumulated in revaluation surplus, while downward revaluations are recognized in profit or loss, except to the extent they reverse prior increases recognized in OCI. Fair value is determined using observable market prices, validator data, and protocol indices (IFRS 13 Level 2).

- USDC is accounted for as intangible assets with indefinite useful lives under IAS 38 and measured using the revaluation model. Upward revaluations are recognized in other comprehensive income (OCI) and accumulated in revaluation surplus, while downward revaluations are recognized in profit or loss, except to the extent they reverse prior increases recognized in OCI. Although USDC functions economically as a cash-equivalent instrument, it meets the definition of an intangible asset under IAS 38 and is valued using observable market prices (IFRS 13 Level 1).
- Bitcoin is accounted for as intangible assets with indefinite useful lives under IAS 38 and measured using the revaluation model. Upward revaluations are recognized in other comprehensive income (OCI) and accumulated in revaluation surplus, while downward revaluations are recognized in profit or loss, except to the extent they reverse prior increases recognized in OCI. Fair value is determined using observable market price from active markets (IFRS 13 Level 2).

Because all these digital assets are measured at fair value under the revaluation model, the Company applies IFRS 13 for fair-value measurement. Fair value is determined using quoted prices from active markets on principal trading venues, primarily sourced from CoinMarketCap. The Company determines its principal market based on the venue with the highest volume and liquidity accessible to the Company. Prices are measured at 11:59pm EST on the reporting date, consistent with IFRS 13 cut-off principles. Where prices are derived from aggregated or composite sources rather than a single principal exchange quote, the inputs are considered observable but not Level 1, resulting in Level 2 classification. Management has assessed that any difference between the pricing source used and the principal market is not material.

Staking Rewards and Validator Revenue

Staking rewards earned from delegating Sonic tokens to the Company’s validator are recognized as revenue when earned. Rewards are measured at their fair value on the date they are received or credited on-chain. Unclaimed rewards that accrue within the protocol are recognized as earned when the right to receive them arises. This represents a new significant judgment due to the nature of blockchain-based reward mechanisms.

Customer and performance obligation
The Company has concluded that the blockchain protocol represents the counterparty. The performance obligation is the provision of validation services (i.e., maintaining validator uptime and confirming transactions).

Revenue recognition
Revenue is recognized over time as the validation service is performed and rewards are earned, specifically when the protocol confirms entitlement and there are no further performance conditions.

Measurement
Rewards are measured at fair value at the time earned, based on observable market prices.

Principal vs agent
The Company acts as a principal, as it controls the validation infrastructure, bears operational risks (including slashing risk), and retains the rewards generated.

DeFi Programs and Aave Supply/Borrow Loop

The Company participates in DeFi programs, including supplying Sonic tokens to Aave in exchange for receipt tokens and borrowing Sonic tokens. The supplied Sonic tokens and resulting receipt tokens are accounted for as intangible assets under IAS 38, measured under the revaluation model with fair value changes recognized in profit or loss. The borrowed S tokens are also accounted for at FVTPL - the liability is designated at FVTPL on initial recognition to eliminate the accounting mismatch with the related asset leg. Fair value changes are recognized in profit or loss except for the portion attributable to changes in the Company’s own credit risk, which is recognized in OCI in accordance with IFRS 9 (unless doing so would create or enlarge a measurement mismatch, in which case the entire change is recognized in profit or loss, with disclosure). Valuation of the borrowing uses observable inputs (quoted S price). Interest accrues through changes in the Aave debt index. Offsetting is not permitted because IAS 32 requirements are not met.

Convertible Debenture – Sonic Labs

On September 10, 2025, the Company issued a $40,000,000 (principal amount, $38,138,651 fair value upon contribution) unsecured, non-interest-bearing convertible debenture to Sonic Labs in exchange for 126,622,348.845 Sonic tokens. On December 29, 2025, the debenture was amended and restated (amending and replacing the original debenture issued on September 10, 2025) and now matures on March 10, 2029.

Settlement mechanics

Under the agreement, the debenture must be settled solely through delivery of Sonic tokens, not cash. Any outstanding principal at maturity or upon a change of control is required to be settled through delivery of a variable number of Sonic tokens based on the proportional formula set out in the contract. Because settlement is not fixed in amount or in number of equity instruments, the debenture fails the fixed-for-fixed requirement in IAS 32 and is classified as a financial liability.

Conversion option

Under the amended and restated debenture, either the holder or the Company may convert all or any portion of the outstanding principal into common shares at a conversion price of US$4.50 per share, provided that, at the time of conversion, the Company has executed a listing agreement in connection with listing its common shares on the Nasdaq Capital Market (or another senior U.S. stock exchange acceptable to the holder). Conversion is subject to a 9.99% beneficial-ownership limitation, and the parties jointly determine whether, and for what amount, the debenture is convertible under this limitation. As the conversion feature is contingent upon the execution of a U.S. listing agreement and the debenture is required to be settled through delivery of a variable number of Sonic tokens, the instrument does not meet the fixed-for-fixed requirement in IAS 32. Accordingly, the conversion feature does not meet the definition of an equity component and is not separated from the host contract, and the debenture is accounted for as a financial liability.

Lock-up of contributed tokens

The 126,622,348.845 Sonic tokens received as consideration are subject to a four-year contractual lock-up. This restriction is entity-specific and does not transfer to market participants; therefore, no adjustment to fair value is required under IFRS 13.

Fair-value measurement

The debenture is initially recognized at the fair value of the contributed tokens received. The debenture is subsequently measured at fair value through profit or loss (FVTPL) under IFRS 9. Fair value is determined using quoted prices from active markets of Sonic tokens on principal trading venues, primarily sourced from CoinMarketCap. The Company determines its principal market based on the venue with the highest volume and liquidity accessible to the Company. Prices are measured at 11:59pm EST on the reporting date, consistent with IFRS 13 cut-off principles. As pricing inputs are derived from observable market data but not a single unadjusted quoted price for an identical liability, the debenture is classified within Level 2 of the fair-value hierarchy.

Sonic Vesting Right

The Company holds a right to receive unlocked Sonic tokens over time. This right is accounted for as an intangible asset measured at cost and tested for impairment under IAS 36 at each reporting date.

Discontinued Operations

Following the sale of the legacy business on June 1, 2025, all revenues, expenses, assets and liabilities related to that business have been presented as discontinued operations in accordance with IFRS 5. Comparative years have been restated.

Accounting Standards Issued and Adopted

The following new accounting standards and amendments have been issued effective for annual years beginning on or after January 1, 2025:

(Expressed in US Dollars)

- Lack of Exchangeability – Amendments to *IAS 21*
- IFRS S1 and IFRS S2 – *Sustainability-related Disclosures*

The Company has evaluated the potential impact of these new standards and amendments and concluded that they are either not applicable or not expected to have a significant impact on the Company's financial statements.

4. Acquisition of Sonic Strategy Inc.

On March 17, 2025, the Company announced the completion of acquisition of SonicStrategy, a blockchain staking company focused on the Sonic blockchain. The Company issued 13,999,999 common shares in the capital of the Company to the shareholders of SonicStrategy in exchange for 100% of the issued and outstanding shares in the capital of SonicStrategy. The Company also issued an aggregate of 700,000 common shares to two arm's length entities as an advisory fee. Below is a preliminary breakdown of the purchase price allocated to the assets acquired. Remeasurement may be made up to March 17, 2026 (one year after the transaction per IFRS 3.45):

Other receivables	$	17,513
Goodwill		3,652,789
Fair value of net assets acquired	**$**	**3,670,302**
Common shares		3,670,302
Fair value of consideration paid	**$**	**3,670,302**

Goodwill recognized on the acquisition of SonicStrategy represents the excess purchase price paid by the Company over the fair value of the net assets acquired. Goodwill is primarily related to growth opportunities in the blockchain infrastructure and staking solutions, as well as strategy and the synergies from the acquisition of SonicStrategy. Refer to Note 13 for further details regarding the impairment of goodwill recognized as of December 31, including the underlying assumptions and valuation considerations.

5. Sale of Spetz App Platform and Subsidiaries

On June 1, 2025, the Company completed the sale of its legacy operating business, the Spetz app platform, along with all associated liabilities and subsidiaries, including its holdings in Spetz Tech Ltd, Spetz Inc (US), and Kirobo Ltd.

The total consideration for the transfer of all shares in the subsidiaries was $1.00 CAD (actual dollars). As a result of the transaction, the associated assets and liabilities of the legacy Spetz operating entities were removed from the Company's financial statement.

As a part of the agreement, the Company also obtained a full release from all outstanding debts, liabilities, and obligations owed by the Company to the former Company's CEO and to one of the former Company's directors. No finder's fees were paid in connection with this transaction. Below represents the associated assets and liabilities removed from the Company's financial statement following the subsidiary's sale:

Cash and cash equivalents	$	-
Investments		(48,802)
Accounts receivable, net		(260,335)
Other receivables		(32,035)
Prepaid expenses		(55,745)
Property, plant and equipment, net		(12,674)
Intangible assets		(1,541,182)
Goodwill		(349,966)
Short term bank facility		94,002
Accounts payable		495,028
Other payables		381,556
Deferred revenue		216,739
Related party payables		1,664,334
Related party convertible debenture		301,712
Convertible debenture		97,919
Employee benefit liabilities		17,325
Gain on sale of subsidiaries	**$**	**967,876**

(Expressed in US Dollars)

6. Digital Currencies – Intangible Assets – USDC

	USDC		USD $
Balance, January 1, 2025	-	$	-
USDC purchased	870,464		870,464
USDC contributed in-kind on private placements	190,267		190,267
USDC sold to fund expenses	(507,561)		(507,561)
USDC sold to acquire S tokens	(271,847)		(271,847)
Balance, December 31, 2025	**281,323**	**$**	**281,323**

The Company holds USDC, a U.S.-dollar-pegged stablecoin used to settle trades and fund near-term obligations. USDC is presented within current assets and classified as an intangible asset (digital currency) under IAS 38, not as cash or cash equivalents. It has an indefinite useful life and is measured at fair value through profit or loss (FVTPL). Balances are initially recognized at fair value on the trade date and remeasured to fair value at each reporting date using observable USDC/USD market quotations from observable market quotations from active USD-stablecoin markets. Because USDC is designed to maintain a stable 1:1 peg to the U.S. dollar and is traded on active, liquid markets with directly observable pricing, the Company classifies USDC as Level 1 within the IFRS 13 fair-value hierarchy.

USDC is held with a third-party digital-asset custodian under standard custodial arrangements. The Company retains control of the USDC under IFRS because it can direct the use of the balances, withdraw or transfer them at its discretion (subject only to normal platform procedures), and is exposed to substantially all risks and rewards of ownership. USDC is not subject to contractual lock-ups, staking programs, lending arrangements, or other encumbrances.

Although USDC is intended for short-term liquidity management, it is not considered a demand deposit or a cash equivalent under IAS 7 and is therefore presented separately from cash. Key risks associated with USDC include issuer and reserve risk, custodian/counterparty risk, and temporary de-pegging risk. All fair-value changes are recognized in profit or loss.

During the year ended December 31, 2025, the Company purchased 870,464 USDC ($870,464), received 190,267 USDC ($190,267) in-kind from private placements, used 507,561 USDC ($507,561) to fund operating expenses and used 271,847 USDC ($271,847) to acquire Sonic tokens, resulting in a closing balance of 281,323 USDC ($281,323) at December 31, 2025.

7. Digital Currencies – Intangible Assets – Sonic Tokens

	Sonic in Safe Wallet	Sonic in Validator #1	Sonic in Validator #2	Sonic Tokens Total		Sonic Value USD $
Balance, January 1, 2025	-	-	-	-	$	-
S purchased in the open market	9,308,495	-	-	9,308,495		3,169,693
S contributed by Sonic Labs as part of convertible debenture	126,622,349	-	-	126,622,349		38,138,651
S contributed in-kind on private placements	369,355	-	-	369,355		184,642
S sold to fund expenses	(122,000)	-	-	(122,000)		(63,174)
S staked to the validator #1	(3,000,004)	3,000,004	-	-		-
S staked to the validator #2	(126,622,544)	-	126,622,544	-		-
S deployed to Beets LP (via bpt-sss / bpt-sss-gauge)	(2,574,727)	-	-	(2,574,727)		(856,869)
S withdrawn from Beets LP (via bpt-sss / bpt-sss-gauge)	2,583,015	-	-	2,583,015		785,079
S deployed to Pendle LP (via Magpie PT-LP)	(1,000,000)	-	-	(1,000,000)		(323,100)
S withdrawn from Pendle LP	1,007,526	-	-	1,007,526		308,605
S deployed to Aave (supplied to Aave via aSonsT$)	(7,896,727)	-	-	(7,896,727)		(2,415,071)
S borrowed from Aave (variableDebt)	5,700,000	-	-	5,700,000		1,746,770
S deployed to Sonic vesting right (zero-coupon claim)	(388,314)	-	-	(388,314)		(119,834)
S received as staking revenue from Beets LP	9,538	-	-	9,538		3,403
S received as staking revenue and restaked in validators	-	63,672	-	63,672		20,167
S staking revenue claimed	2,125,500	2,082	302	2,127,884		333,361
S staking revenue unclaimed in validators	-	127	1,940	2,067		153
Realized gain on S sold to fund expenses	-	-	-	-		8,110
Valuation adjustment	-	-	-	-		(30,649,760)
Foreign exchange translation adjustment (OCI)	-	-	-	-		(242,402)
Balance, December 31, 2025	**6,121,462**	**3,065,885**	**126,624,786**	**135,812,133**	**$**	**10,028,424**

The table reconciles movements in the Company's Sonic (S) holdings for the year ended December 31, 2025 across three locations: the self-custodied ("safe") wallet, Validator #1 and Validator #2. The self-custody wallet represents an on-chain address for which the Company retains exclusive control of the private keys, providing unrestricted ability to access, manage, and transfer S balances held therein. This self-custodied arrangement is distinct from the Company's digital assets held with third-party custodians (see Notes 6 and 8 on Bitcoin and USDC), as the S tokens in the safe wallet are not held by an external custodian or service provider.

Tokens delegated to Validator #1 and Validator #2 remain the Company's assets at all times. Delegation does not transfer ownership to the validator operator; rather, the tokens continue to be recognized by the Company and can be undelegated or withdrawn at the Company's discretion, subject only to the standard Sonic protocol 14-day unbonding period and normal validator-operational mechanics. Delegated tokens continue to accrue staking rewards for the Company and remain fully exposed to market-price volatility and validator slashing risk.

During the year, the Company acquired 9,308,495 S in the open market (cost of $3,169,693), received 126,622,349 S ($38,138,651 fair value upon receipt) contributed in-kind by Sonic Labs in connection with the convertible debenture (see Note 11 for details), received S in-kind for private placements (fair value of $184,642). The Company delegated 3,000,004 S to Validator #1 and 126,622,544 S to Validator #2; delegation generated staking rewards which, when claimed, were either retained in the wallet or immediately restaked, as reflected in the table.

During the year, the Company temporarily deployed S into DeFi programs, including entering and subsequently exiting the Beets liquidity pool and the Pendle/Magpie liquidity program. The Company also earned small amounts of S as protocol rewards. There were no positions in these programs outstanding as at year end. Based on the USD amounts presented in the table above, the net result of the DeFi activities is a loss of $86,285. This amount includes a realized loss of $71,768 and $14,517 related to foreign exchange movements. Foreign exchange impacts are recognized in other comprehensive income (OCI) in accordance with the Company's accounting policies, and therefore are not included in the realized loss presented in the consolidated statements of loss and comprehensive loss. In addition, the Company sold 122,000 S to fund operating expenses, generating proceeds of $63,174 and a realized gain of $8,110. The total net realized loss from DeFi activities and the sale of S for the year was $63,658, which is presented as "realized loss on digital currencies – intangible assets" in the consolidated statements of loss and comprehensive loss.

Separately, the Company operated an Aave supply/borrow loop in which S was supplied (via aSonsT$ receipts) and S was borrowed (see Note 10 for details). "Staking revenue unclaimed in validators" represents rewards accrued by validators but not yet claimed to the wallet at the reporting date. "Valuation adjustment" reflects the year-end remeasurement of S to fair value which is presented as "revaluation loss on digital currencies - intangible assets" in the consolidated statements of loss and comprehensive loss.

The 126,622,349 S tokens contributed by Sonic Labs are subject to a four-year contractual lock-up that restricts transfers of these tokens except as permitted under the terms of the agreement. The lock-up is enforced through multi-signature custody arrangements controlled jointly under the terms of the agreement. The restriction is entity-specific and does not transfer to market participants; accordingly, it does not affect the fair-value measurement of S or result in any discount under IFRS 13 (see Note 11). The Company retains control over the contributed tokens and continues to recognize them as assets under IFRS, as the lock-up does not prevent the Company from delegating the tokens to validators, earning staking rewards, or otherwise directing their use within permitted activities. All contributed tokens were fully delegated to Validator #2 during the year.

Sonic tokens are classified within the Company's digital-asset portfolio and measured at fair value through profit or loss (FVTPL). Tokens are initially recognized at fair value on trade date and are not amortized. At each reporting date, S holdings are remeasured to fair value using quoted market prices on principal venues; all fair-value changes are recognized in profit or loss (presented as "valuation adjustment"). Tokens delegated to validators or temporarily deployed to DeFi programs remain recognized as the Company's assets and continue to be measured at FVTPL; any related receipt tokens held during the year (e.g., LP or PT-LP units, aSonsT$) are accounted for under the same policy while outstanding. Staking rewards from validators, whether claimed or unclaimed at year-end, are recognized as revenue on an accrual basis when earned (i.e., when the protocol has no further performance conditions and the amount is reliably measurable). Rewards are measured at the fair value of the S tokens at the earning date. Rewards are recorded as an increase in S and subsequent changes in value are recognized in FVTPL. Key risks include market-price volatility for S, validator operational/slashing risk for delegated balances, smart-contract and counterparty risk when assets are deployed to DeFi programs, liquidity risk, and chain-level intervention capability. On November 3, 2025, Sonic Labs exercised a protocol-level wallet freeze in response to an application-layer exploit affecting a separate protocol; the Company's wallets and delegated balances were not subject to that action. Sonic Labs has since publicly renounced its unilateral authority to freeze wallets.

(Expressed in US Dollars)

Sonic is measured at FVTPL on a recurring basis and is classified as Level 2 under IFRS 13. Fair value is determined using observable market inputs, quoted prices from CoinMarketCap, without significant unobservable assumptions; prices may reflect composite quotes, cross-venue averages or liquidity screens, so they are not a single unadjusted Level-1 quote for an identical asset in a principal market. S balances were not pledged or encumbered at year end, other than normal protocol mechanics (e.g., validator-delegated S subject to potential unbonding) and the contractual lock-up described above.

8. Digital Currencies – Intangible Assets – Bitcoin

	BTC		USD $
Balance, January 1, 2025	**-**	**$**	**-**
BTC purchased	3.71		395,910
Valuation adjustment	-		(69,107)
Foreign exchange translation adjustment (OCI)	-		(2,011)
Balance, December 31, 2025	**3.71**	**$**	**324,792**

The Company holds 3.71 BTC as a treasury digital asset. Bitcoin is accounted for as an intangible asset with an indefinite useful life under IAS 38, and the Company applies the revaluation model because there is an active market with quoted prices. On initial recognition the asset is measured at cost; thereafter it is carried at its revalued amount, being fair value at the reporting date derived from observable market quotations from CoinMarketCap and classified as Level 2 under IFRS 13 (the Company applies Level 2 classification on a conservative basis because pricing reflects composite/cross-venue inputs rather than a single unadjusted principal-market quote).

Upward revaluations are recognized in other comprehensive income and accumulated in equity as a revaluation surplus; decreases are recognized in profit or loss, except to the extent they reverse a previous surplus for the same asset, in which case the decrease is recognized in other comprehensive income. The position was purchased for $395,910 during the year and revalued downward by $71,118 (valuation adjustment of $69,017 and foreign exchange translation adjustment of $2,011) to a carrying amount of $324,792 at December 31, 2025. "Valuation adjustment" reflects the year-end remeasurement of Bitcoin to fair value which is presented as "revaluation loss on digital currencies - intangible assets" in the consolidated statements of loss and comprehensive loss.

The BTC is held with a third-party digital-asset custodian under standard custodial arrangements. The Company retains control of the BTC under IFRS because it has the ability to direct the use of the asset, can withdraw or transfer the BTC at its discretion (subject only to normal platform operating procedures), and is exposed to substantially all of the risks and rewards associated with ownership. The BTC is not subject to contractual lock-ups or restrictions on transfer.

The BTC holding is not amortized, is not pledged or encumbered, and is exposed to market-price volatility and liquidity risk inherent in digital-asset markets. Because fair value is determined using observable market inputs and does not rely on significant unobservable assumptions, BTC is measured using a recurring fair-value technique consistent with IFRS 13 requirements.

9. Digital Currencies – Intangible Assets – Sonic Vesting Right

	Balance (S)		USD $
Balance, January 1, 2025	-	$	-
Purchase	388,314		119,834
Impairment loss	-		(86,598)
Foreign exchange translation adjustment (OCI)	-		(1,332)
Balance, December 31, 2025	**388,314**	**$**	**31,904**

The balance represents a non-interest-bearing contractual right to receive Sonic tokens over time, economically similar to a zero-coupon claim that settles in Sonic. The right was acquired as part of the Company's broader digital-asset strategy and originated from transactions undertaken using the Company's self-custodied wallet. The right is accounted for as an intangible asset under IAS 38 and is measured at cost less impairment, with cost equal to the fair value of consideration given on the purchase date ($119,834 for 388,314 Sonic tokens). The right is not amortized and is tested for impairment at each reporting date.

When tokens are claimed, a pro-rata portion of the carrying amount is derecognized and any difference between the fair value of the Sonic tokens received on the claim date and the carrying amount relieved is recognized in profit or loss. No income is recognized during the vesting year unless and until tokens are actually claimed, and unvested amounts do not themselves generate staking rewards or validator income.

(Expressed in US Dollars)

The vesting right is distinct from the Company's Sonic spot holdings and operates independently of the Company's validator and Aave supply/borrow activities. It does not involve delegation or staking until tokens are actually received. The Company retains control of the right as it holds a contractual entitlement to receive Sonic tokens as vesting conditions are met and is exposed to the associated risks and rewards. The right is not pledged or encumbered. Key risks relate to contract performance by the counterparty, volatility and liquidity of the Sonic token, and changes in protocol-level vesting mechanics. The vesting schedule was fully completed by April 18, 2026.

As at December 31, 2025, management performed its required impairment assessment of the vesting right in accordance with IAS 36. The recoverable amount of the asset was determined by reference to the fair value of the underlying Sonic tokens expected to be received, based on the quantity of tokens outstanding at year end multiplied by the observable market price of Sonic as at the reporting date. As the market price of Sonic declined during the year, the estimated recoverable amount of the vesting right decreased accordingly. Since the recoverable amount was lower than the carrying amount, an impairment loss of $86,598 was recognized in profit or loss to reduce the asset to its recoverable amount. In future years, impairment losses may be reversed if there is an increase in the recoverable amount resulting from changes in market prices or other relevant assumptions, subject to the limitations in IAS 36. Management will continue to assess the vesting right for indicators of impairment at each reporting date, with particular sensitivity to changes in the market price and liquidity of the Sonic token.

10. Digital Currencies – Intangible Assets and Related Financial Liability – Aave Loop

	aSonsT$ - Asset		USD $
Balance, January 1, 2025	-	$	-
Supplied to Aave as part of the lending program	7,896,727		2,415,071
Rewards received	7,125		2,208
Valuation adjustment (index + price)	(105,709)		(1,796,537)
Foreign exchange translation adjustment (OCI)	-		(27,650)
Balance, December 31, 2025	**7,798,143**	**$**	**593,092**
Balance, December 31, 2025 (if converted to S)	*8,032,087*	*$*	*593,092*

	S Borrowed - Liability		USD $
Balance, January 1, 2025	-	$	-
S borrowed from Aave	5,700,000		1,746,770
Interest expense	59,237		11,805
Valuation adjustment	-		(1,313,192)
Foreign exchange translation adjustment (OCI)	-		(20,119)
Balance, December 31, 2025	**5,759,237**	**$**	**425,264**

During the year, the Company operated an Aave lending strategy in which Sonic (S) tokens were supplied to Aave and received as deposit receipts (aSonsT$) while, in a parallel leg, S was borrowed on a variable-rate basis. aSonsT$ represents the Company's claim on the supplied pool and grows with the Aave supply index and movements in the underlying S/stS price; the borrowed balance increases with the debt index. For the year ended December 31, 2025, the Company supplied 7,896,727 S ($2,415,071) and received 7,125 aSonsT$ as incentives. Year-end remeasurement of the aSonsT$ position (index + price) produced a fair value decrease of $1,796,537, resulting in 7,798,143 aSonsT$ with a carrying amount of $593,093; if converted at the reporting date this would correspond to 8,032,087 S. "Valuation adjustment" on the asset leg is presented as "revaluation loss on digital currencies - intangible assets" in the consolidated statements of loss and comprehensive loss. On the liability leg, the Company borrowed 5,700,000 S ($1,746,770), incurred $11,805 of interest via the debt index and recorded a fair value decrease of $1,313,192, ending with 5,759,327 S outstanding ($425,264). "Valuation adjustment" on the liability leg is presented as "revaluation gain on digital currencies – financial liabilities" in the consolidated statements of loss and comprehensive loss.

The Aave positions are held directly on-chain from the Company's self-custodied wallet, and the Company retains full control over both the supplied (aSonsT$) and borrowed (variable-debt S) legs. Supplying S to Aave does not transfer ownership of the tokens to the protocol; the Company continues to control the underlying economic benefits and bears the associated risks. aSonsT$ remains the Company's asset until withdrawn or redeemed, and the collateralized S is not derecognized. These positions are not subject to the contractual lock-up applicable to the contributed S tokens and operate independent of validator-level restrictions.

(Expressed in US Dollars)

The aSonsT$ is classified within the Company's digital-asset portfolio and measured at fair value through profit or loss (FVTPL). It is initially recognized at fair value on trade date and remeasured each reporting date using observable inputs only: the Aave supply index / stS–S basis published by the protocol and the quoted S price on principal venues. Changes in fair value (including auto-compounded incentives) are recognized in profit or loss. Because the valuation uses observable inputs without significant unobservable assumptions, the aSonsT$ asset is classified within Level 2 of the IFRS 13 fair-value hierarchy and included in the Company's hierarchy table within financial assets.

The Aave variable-debt S balance is accounted for as a financial liability measured at fair value through profit or loss ("FVTPL") in accordance with IFRS 9. The liability is initially recognized at fair value, with subsequent measurement at fair value at each reporting date. Changes in fair value, including the effects of movements in the market price of the S token and the accrual of variable borrowing costs through the Aave debt index, are recognized in profit or loss in the year in which they arise. The borrowing is repayable on demand and subject to liquidation if the health factor deteriorates; accordingly, it is presented as a current liability. As the liability is measured at fair value on a recurring basis using observable market inputs, it is included in the IFRS 13 fair value hierarchy.

The loop seeks to earn the spread between the supply yield on aSonsT$ and the borrowing cost on variable-debt S while maintaining exposure to S price movements on the net position. Key risks include market-price volatility in S, interest-rate/index risk on the Aave supply and borrow indices, liquidation risk if collateral value falls, smart-contract/counterparty risk at the protocol level, and liquidity risk around unwinding. The Company presents the asset and liability gross and does not offset them.

11. Sonic Labs Convertible Debenture

	Balance (S)		USD $
Balance, January 1, 2025	-	$	-
Contributed in-kind ($40,000,000 principal amount)	126,622,349		38,138,651
Valuation adjustment	-		(28,562,328)
Foreign exchange translation adjustment (OCI)	-		(226,476)
Balance, December 31, 2025	**126,622,349**	**$**	**9,349,847**

On September 10, 2025, the Company entered into an unsecured, non-interest-bearing convertible debenture with Sonic Labs in the principal amount of $40,000,000. Consideration was contributed in-kind as 126,622,349 Sonic ("S") tokens at the fair value of $38,138,651. On December 29, 2025, the debenture was amended and restated, replacing the original debenture in its entirety. Under the amended and restated terms, the debenture matures on March 10, 2029 and, at maturity or upon a change of control, is settled solely through the delivery of S tokens in accordance with the proportional settlement formula set out in the agreement (i.e., by returning a variable number of the contributed tokens based on the remaining principal). There is no cash redemption feature. The instrument ranks pari passu with the Company's other unsubordinated, unsecured obligations. "Valuation adjustment" is presented as "revaluation gain on digital currencies – financial liabilities" in the consolidated statements of loss and comprehensive loss.

Under the amended and restated debenture, either the holder or the Company may convert all or a portion of the outstanding principal into common shares at a conversion price of US$4.50 per share, subject to customary anti-dilution provisions, the execution of a listing agreement in connection with the listing of the Company's common shares on a senior U.S. stock exchange acceptable to the Holder, and a 9.99% beneficial-ownership limitation. The parties jointly determine whether, and for what amount, the debenture is convertible under this limitation. As conversion is contingent upon the execution of a U.S. stock-exchange listing agreement and remains subject to ownership limitations, the conversion feature does not represent an unconditional equity conversion right.

The debenture is classified in its entirety as a financial liability measured at fair value through profit or loss ("FVTPL"), as no portion of the instrument meets the criteria for equity classification under IAS 32 and no embedded derivative is separated. The host contract fails the fixed-for-fixed equity criterion because the debenture must be settled solely through delivery of S tokens rather than cash, and the number of tokens to be delivered is variable and determined by a proportional formula tied to the remaining principal and the quantity of contributed tokens; accordingly, settlement is neither a fixed amount of cash nor a fixed number of equity instruments. The conversion feature similarly does not meet the definition of an equity instrument, as it is contingent upon future events, subject to a 9.99% beneficial-ownership limitation, and embedded within an instrument that fails the fixed-for-fixed requirement. As the debenture is measured in its entirety at FVTPL, IFRS 9 requires that no embedded conversion option be bifurcated from the host contract.

The debenture was initially recognized at the fair value of the S tokens received, and at each reporting date its carrying amount is remeasured to fair value with changes recognized in profit or loss. As a monetary item denominated in U.S. dollars, foreign-exchange gains and losses are also recognized in profit or loss. The debenture is presented as non-current, as the Company has an unconditional right to defer settlement for at least twelve months after the reporting date.

The 126,622,349 S tokens received as consideration are subject to a four-year contractual lock-up commencing on September 10, 2025, enforced through multi-signature custodial arrangements and contractual restrictions. Management determined that the lock-up is entity-specific and would not transfer to a market participant. Accordingly, in accordance with IFRS 13, no fair-value discount is applied to the contributed tokens or the debenture upon initial measurement or subsequent remeasurement. The lock-up affects transferability only and does not restrict the Company’s ability to use the tokens within permitted activities.

As at December 31, 2025, management concluded that the conversion feature and other contingent terms were not significant to the debenture’s fair value, as the conditions for conversion had not been met and conversion was not economically advantageous. Accordingly, fair value was determined primarily as the present obligation to deliver S tokens at maturity, measured as the remaining notional S units multiplied by the quoted market price of S at year end. As the valuation technique uses observable inputs only, the debenture is classified within Level 2 of the IFRS 13 fair-value hierarchy and is included in the Company’s fair-value hierarchy table within financial liabilities. If, in a future year, the conversion feature becomes significant, the Company will incorporate additional valuation inputs and reassess the hierarchy classification accordingly.

12. Convertible Debenture

On January 17, 2025, the Company issued new convertible debentures in the aggregate principal amount of $703,482 (CAD $1,015,914). This balance includes a) the principal amount of outstanding convertible debentures that were issued in November 2023 and matured on December 31, 2024 which were cancelled and rolled into a new 2025 convertible debenture in the amount of $628,109 (CAD $906,675) and b) additional convertible debentures issued to replace the consulting fee payable in the amount of $75,373 (CAD $108,800). The previous year convertible debenture holders waived the interest amount that occurred since November 2023 in the amount of $75,556 (CAD $108,800).

The remaining convertible debenture balance from 2024 was converted into equity in January 2025 in the amount of $75,886 (CAD $109,541) and another portion of $97,919 (CAD $133,591) was forgiven by the holder as part of the legacy business disposition.

The principal amount of the new debentures is convertible into units of the Company (“units”), at a price per unit of $0.20, with each unit comprised of one (1) common share and one-half (1/2) of a common share purchase warrant (“warrant”). Each whole warrant is exercisable for one common share, at a price of $0.40 per share for a period of 24 months following the issuance of the warrants. The new debentures are outstanding for 18 months following the closing. The new debentures bear interest at a rate of 12% per annum.

The Company accounted for the instrument as a compound financial instrument in accordance with IAS 32, whereby the liability component was initially measured at the present value of the contractual cash flows discounted at an estimated market rate of interest for a similar instrument without a conversion feature. The liability was determined using a face value of $703,468 (CAD $1,015,914), a term of 546 days on a 360-day basis, and a discount rate of approximately 12.32% per annum, resulting in an initial liability of $589,773 (CAD $851,776). The residual amount of $113,708 (CAD $164,138) was recognized as an equity component representing the value of the conversion feature.

During the year ended December 31, 2025, six holders of the convertible debenture converted the outstanding amount of their debenture, totaling $367,548 (CAD $508,193), into 2,445,660 common shares and 1,222,830 warrants, resulting in a proportionate reduction of both the convertible debenture liability and the related equity component associated with the conversion feature.

(Expressed in US Dollars)

The following table reflects the continuity of the components of the convertible debentures as of December 31, 2025 and 2024:

		Convertible debenture		Equity Component		Total
Balance at December 31, 2024	**$**	**636,000**	**$**	**105,000**	**$**	**741,000**
Additions		155,000		27,305		182,305
Interest and accretion		146,000		-		146,000
Foreign exchange adjustment		(66,893)		-		(66,893)
Balance at December 31, 2024	**$**	**870,107**	**$**	**132,305**	**$**	**1,002,412**
Part of prior year convertible debenture balance cancelled		(628,109)		-		(628,109)
Accrued interest on part of prior year confertible debenture balance forgiven		(75,373)		-		(75,373)
Balance converted into a new 2025 convertible debenture		628,109		-		628,109
Consulting fee payable rolled into a new 2025 convertible debenture		75,373		-		75,373
Part of prior year convertible debenture balance settled with shares		(75,886)		-		(75,886)
Part of prior year convertible debenture balance forgiven as part of Spetz legacy disposition		(97,919)		-		(97,919)
Equity portion on 2025 convertible debenture		(113,708)		113,708		-
Accretion and interest accrued		114,914		-		114,914
Conversion into equity		(310,395)		(57,153)		(367,548)
Interest paid		(16,712)		-		(16,712)
Foreign exchange adjustment		34,123		-		34,123
Balance at December 31, 2025	**$**	**404,524**	**$**	**188,860**	**$**	**593,384**

13. Goodwill

		Sonic(b)		Spetz(a)		Total
Balance, January 1, 2024	$	-	$	331,822	$	331,822
Impairment		-		-		-
Balance, December 31, 2025	**$**	**-**	**$**	**331,822**	**$**	**331,822**
Sonic acquisition		3,652,789		-		3,652,789
Spetz disposal		-		(349,966)		(349,966)
FX		102,538		18,144		120,682
Impairment		(2,854,309)		-		(2,854,309)
Balance, December 31, 2025	**$**	**901,018**	**$**	**-**	**$**	**901,018**

a) As of June 1, 2025, goodwill represented the excess purchase price paid for the acquisition of Spetz Tech Ltd. in August 2022 over the fair value of the net identifiable assets acquired, net of previously recognized impairments. On June 1, 2025, the Company sold the Spetz subsidiaries, and all related goodwill was derecognized as part of the disposal of the discontinued operations.

b) On March 17, 2025, the Company completed the acquisition of SonicStrategy. Goodwill of $3,652,789 recognized on the acquisition represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. The goodwill primarily reflects expected growth opportunities in blockchain infrastructure, validator operations and staking services, as well as synergies expected from integrating SonicStrategy's technical, operational and ecosystem relationships into the Company's platform following its change in business.

Following the sale of the legacy Spetz operations and the acquisition of SonicStrategy, goodwill is monitored and tested for impairment within a single cash-generating unit ("CGU") that reflects the Company's ongoing digital assets operations. Goodwill is allocated to a single CGU because, following the change in business, the Company operates as an integrated blockchain-infrastructure platform. This CGU represents the lowest level within the Company at which goodwill is monitored for internal management purposes, consistent with IAS 36. Goodwill is tested for impairment annually and whenever indicators of impairment exist.

During the year ended December 31, 2025, and subsequent to year-end, the Company identified indicators of impairment, including continued volatility and declines in the market price of Sonic tokens, increased uncertainty in digital asset markets, and evolving expectations regarding the execution and sustainability of staking and related digital-asset strategies. As a result, management performed an updated impairment assessment of the CGU in accordance with IAS 36.

The recoverable amount of the CGU is determined as the higher of (i) fair value less costs of disposal ("FVLCD") and (ii) value in use ("VIU"). In reassessing the recoverable amount, management placed greater emphasis on a market participant perspective, including consideration of the liquidity profile of the underlying assets, constraints on the realization of value, and the absence of observable evidence supporting a premium above the fair value of the net identifiable assets of the CGU.

(Expressed in US Dollars)

Management also updated its VIU model based on discounted cash flows. Key assumptions used in the impairment model include:

i) Projected EBITDA: Forecasts reflect management's revised expectations for the CGU, incorporating increased uncertainty in validator yields, token price variability, and the timing and scale of future staking and ecosystem-related growth.

ii) Terminal growth rate: A terminal growth rate of 2% was applied, consistent with long-term inflation expectations and industry growth, while reflecting uncertainty in long-term digital-asset market conditions.

iii) Discount rate: A pre-tax discount rate of approximately 34% was applied, reflecting the weighted-average cost of capital for the CGU and incorporating risks specific to blockchain infrastructure, digital-asset volatility, and staking-dependent cash flows.

Based on the updated impairment assessment, management determined that the recoverable amount of the CGU is best represented by the fair value of its net identifiable assets. As a result, the Company recognized an impairment loss on goodwill of $2,854,309 during the year ended December 31, 2025. In addition, goodwill was impacted by foreign exchange movements of $102,538 during the year. Accordingly, the carrying amount of goodwill as at December 31, 2025 is $901,018.

The impairment reflects the impact of current market conditions, increased uncertainty in future economic benefits, and the absence of a demonstrable premium attributable to goodwill under prevailing assumptions.

14. Intangible Assets

As of June 1, 2025, December 31, 2025, and December 31, 2024, intangible assets consisted of:

		Brand		Technology		Non-Compete		Total
Balance, January 1, 2024	$	**306,000**	$	**1,743,000**	$	**55,000**	$	**2,104,000**
Less: Amortization expense		(21,903)		(297,145)		(32,124)		(351,172)
FX		(23,336)		(126,520)		(2,697)		(152,553)
Balance, December 31, 2024	$	**260,761**	$	**1,319,335**	$	**20,179**	$	**1,600,275**
Less: Amortization expense		(9,000)		(121,000)		(13,000)		(143,000)
FX		14,239		68,665		821		83,725
Balance, June 1, 2025, prior to disposal	$	**266,000**	$	**1,267,000**	$	**8,000**	$	**1,541,000**
Less: Spetz legacy business disposal		(266,000)		(1,267,000)		(8,000)		(1,541,000)
Balance, December 31, 2025	$	-	$	-	$	-	$	-

All intangible assets were acquired in connection with the acquisition of Spetz in August 2022. The amortization of intangible assets for the five months ended June 1, 2025, was $143,000 and is included in "discontinued operations – legacy business" in the consolidated statements of loss and comprehensive loss. On June 1, 2025, the Company sold the Spetz subsidiaries, resulting in the elimination of the intangible assets' values.

15. Investments

The Company owned 15% in Kirobo Ltd, a blockchain technology company, totaling 22,104,332 shares. In November 2024, the Company sold 56% of its holdings (12,292,779 shares) at a share price of 0.0048 USD per share, at net proceeds of $15,000. As of December 31, 2024, the remaining 7% holdings in Kirobo Ltd's fair value was $46,272. As of June 1, 2025, the Company transferred all shares of Kirobo Ltd. to Spetz Tech Ltd.

(Expressed in US Dollars)

16. Share Capital

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding - Common Shares

	Common Shares	Amount
Balance, December 31, 2023	**5,194,856**	**22,511,725**
Shares issued to settle debt	572,532	167,194
Shares issued on RSUs vested	16,232	67,722
Balance, December 31, 2024	**5,783,620**	**22,746,641**
Balance, December 31, 2024	**5,783,620**	**22,746,641**
Shares issued to settle debt	4,456,457	1,111,413
Shares issued on private placement - January 2025	5,000,000	348,918
Shares issued on private placement - May and June 2025	17,005,523	4,373,197
Private placement - transaction cost	-	(399,898)
Broker warrants issued on private placement - transaction cost	-	(470,207)
Shares issued on acquisition of Sonic, net	13,999,999	3,670,302
Shares issued on acquisition of Sonic - advisory fee	700,000	183,515
Shares issued on acquisition of Sonic - transaction cost	-	(183,515)
Shares issued on convertible debenture	2,445,660	259,812
Shares issued on RSUs vested	229,207	347,811
Balance, December 31, 2025	**49,620,466**	**31,987,989**

On January 17, 2025, the Company issued 4,456,457 common shares to settle outstanding liabilities, including accounts payable and convertible debentures, with a total carrying amount of $308,726 (CAD $445,646). The shares were measured at their fair value based on the quoted market price at the transaction date, resulting in a total fair value of $1,111,413 (CAD $1,604,325). The difference between the fair value of the shares issued and the carrying amount of the liabilities extinguished was recognized as a loss on settlement of debt with share issuance in the consolidated statements of loss and comprehensive loss. The transaction was accounted for in accordance with "IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments".

On January 17, 2025, the Company closed a private placement offering 5,000,000 common shares of the Company for gross proceeds of $348,918 (CAD $500,000). In May 2025 and June 2025, the Company completed three more tranches of the non-brokered private placement and issued 17,005,523 units, for CAD$0.50 per unit, for gross proceeds of $6,157,986 (CAD $8,502,761). Each of the units comprises one common share and one-half of a common share purchase warrant of the Company. Each whole warrant entitles its holder to acquire one additional common share of the Company for $0.75 for 24 months from the closing date. Given that the units comprised both common shares and warrants, the proceeds were allocated between share capital and warrants reserve using the relative fair value method at the date of the private placement. As a result, $4,373,197 was attributed to share capital and $1,784,789 to warrants reserve. The Company incurred $399,898 as transactions costs for these private placements and also issued additional 852,538 broker warrants as finder's fees valued at $470,207.

On March 17, 2025, the Company announced that it had completed its acquisition of Sonic Strategy Inc. The Company had issued 13,999,999 common shares in the capital of the Company to the shareholders of Sonic Strategy in exchange for 100% of the issued and outstanding shares in the capital of Sonic Strategy. The Company had also issued an aggregate of 700,000 common shares to two arm's length entities as an advisory fee.

During the year ended December 31, 2025, the Company issued 2,445,660 common shares on the convertible debenture conversion (see Note 12). Given that the converted units comprised both common shares and warrants, the converted balance of $367,548 (CAD $508,193) was allocated between share capital ($259,812) and warrants reserve ($107,736) using the relative fair value method at the date of the respective conversion date.

During the year ended December 31, 2025, the Company issued 229,207 common shares on the vesting of RSUs (see Note 18). Upon the issuance of common shares, $347,811 was reallocated from share-based payment reserve to share capital.

(Expressed in US Dollars)

17. Warrants

The following table reflects the continuity of warrants for the year ended December 31, 2025:

	Warrants	WAEP (Note A)
Warrants outstanding, January 1, 2024	**1,058,172**	**$15.33**
Warrants issued	296,735	$0.24
Warrants expired	(408,172)	$37.04
Warrants outstanding, December 31, 2024	**946,735**	**$1.25**
Warrants issued on private placement	8,502,761	$0.75
Warrants issued on private placement - broker warrants	849,538	$0.75
Warrants issued on convertible debenture conversion	1,222,831	$0.40
Warrants outstanding, December 31, 2025	**11,521,865**	**$0.75**

Note A: WAEP = Weighted Average Exercise Price (CAD)

The following table reflects warrants outstanding as at December 31, 2025:

Expiry Date		Exercise Price	Life Remaining	Warrants
January 31, 2026	$	5.00	0.08	200,000
October 31, 2026	$	0.24	0.83	746,735
April 15, 2027	$	0.40	1.29	125,528
April 11, 2027	$	0.40	1.28	266,175
June 03, 2027	$	0.40	1.43	410,133
May 28, 2027	$	0.75	1.41	8,082,832
June 18, 2027	$	0.75	1.47	861,000
June 20, 2027	$	0.75	1.47	408,467
August 1, 2027	$	0.40	1.59	420,995
	$	**0.75**	**1.36**	**11,521,865**

During the year ended December 31, 2025, six holders of the convertible debenture converted the outstanding amount of their debenture, resulting in the issuance of 1,222,831 warrants. Given that the converted units comprised both common shares and warrants, the converted balance of $367,548 (CAD $508,193) was allocated between share capital ($259,812) and warrants reserve ($107,736) using the relative fair value method at the date of the respective conversion date. These warrants were valued at $661,489 CAD estimated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, exercise price of $0.40, share price of between $0.53 to $0.87, expected volatility of between 153% to 201%, a risk-free rate of return of between 2.58% to 2.69% and an expected life of 2 years.

During the year ended December 31, 2025, the Company issued 8,502,761 warrants as part of the three tranches of private placement in May and June 2025. The gross proceeds of those private amounted to $6,157,986 (CAD $8,502,761). Given that the units comprised both common shares and warrants, the proceeds were allocated between share capital and warrants reserve using the relative fair value method at the date of the private placement. As a result, $4,373,197 was attributed to share capital and $1,784,789 to warrants reserve. These warrants were valued at $6,519,920 CAD estimated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, exercise price of $0.75, share price of between $0.93 to $1.06, expected volatility of between 161% to 179%, a risk-free rate of return of between 2.62% to 2.68% and an expected life of 2 years.

In addition, as part of the private placement in May and June 2025, the Company issued 849,538 broker warrants. These warrants were valued at $407,207 ($649,125 CAD) estimated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, exercise price of $0.75, share price of between $0.93 to $1.06, expected volatility of between 161% to 179%, a risk-free rate of return of between 2.62% to 2.68% and an expected life of 2 years. The value of these broker warrants was recorded as a transaction costs, reducing the share capital (see Note 16).

18. Stock Options and Restricted Share Units

The Company has a share option plan under which it is authorized to grant options and restricted share units to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

(Expressed in US Dollars)

The following table reflects the continuity of stock options for the year ended December 31, 2025:

	Stock Options	WAEP (Note A)
Options outstanding, January 1, 2024	**62,500**	**$5.00**
Forfeited/Expired	(2,500)	$5.00
Options outstanding, December 31, 2024	**60,000**	**$5.00**
Issued	4,950,000	$0.91
Forfeited	(2,050,000)	$1.22
Options outstanding, December 31, 2025	**2,960,000**	**$0.78**

Note A: WAEP = Weighted Average Exercise Price (CAD)

The following table reflects stock options outstanding as at December 31, 2025:

Expiry Date		Exercise Price	Life Remaining	Stock Options
August 25, 2027	$	5.00	1.65	10,000
June 5, 2035	$	0.81	9.43	2,150,000
August 7, 2035	$	0.60	9.60	750,000
September 4, 2035	$	1.44	9.68	50,000
	$	**0.78**	**9.45**	**2,960,000**

During the year ended December 31, 2025, the Company issued 4,950,000 options to a number of directors, officers and consultants. The options were valued at $4,828,597 CAD estimated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, share price of between $0.67 to $1.25, expected volatility of between 189% to 191% a risk-free rate of return of between 3.25% to 3.39% and an expected life of 10 years. The options gradually vest over the course of between 2 to 4 years.

During the year ended December 31, 2025, the Company undertook several actions regarding its outstanding stock options. First, 50,000 legacy options, which were originally allocated to members of the previous management team, were forfeited. These options were considered out of the money and were cancelled following the disposition of the legacy business and the resulting change in management structure. In addition, on December 16, 2025, the Company cancelled further 2,000,000 options that had been issued earlier in the year. This cancellation was necessitated by the departure of the optionees, who were no longer involved with the Company in any capacity. As a consequence of this action, the previously recognized expense relating to the unvested portion of these options, which had been recorded as share-based compensation, was reversed.

During the year ended December 31, 2025, the Company recognized $1,265,971 as stock-based compensation expense to recognize the partial vesting of these options since the grant date. As at December 31, 2025, there are 665,625 exercisable options.

The following table reflects the continuity of restricted stock units (RSUs) for the year ended December 31, 2025:

	RSUs
RSUs outstanding, January 1, 2024	**366,872**
Exercised	(16,232)
Forfeited	(20,328)
Issued	30,000
RSUs outstanding, December 31, 2024	**360,311**
Exercised	(229,207)
Forfeited	(36,069)
RSUs outstanding, December 31, 2025	**95,035**

Note A: WAEP = Weighted Average Exercise Price (CAD)

(Expressed in US Dollars)

The following table reflects stock options outstanding as at December 31, 2025:

Expiry Date	Life Remaining	RSUs
January 30, 2026	0.08	6,675
February 27, 2026	0.16	10,207
March 30, 2026	0.25	13,533
April 29, 2026	0.33	20,367
May 30, 2026	0.42	20,405
April 1, 2029	3.25	23,848
	1.04	**95,035**

19. Discontinued operations – legacy business

For the year ended		December 31, 2025		December 31, 2024
Revenue				
Israel	$	609,000	$	1,546,000
Australia		-		71,000
United Kingdom		-		43,000
United States		-		2,000
	$	**609,000**	**$**	**1,662,000**
Cost of revenue				
Payroll and related expenses	$	97,000	$	227,000
Communication and cloud expenses		38,000		137,000
Subcontractors		1,000		17,000
	$	**(136,000)**	**$**	**(381,000)**
Sales and marketing expenses				
Promotion marketing	$	310,000	$	827,000
Payroll and related expenses		87,000		205,000
Subcontractors		11,000		39,000
	$	**(408,000)**	**$**	**(1,071,000)**
General and administration				
Payroll, related expenses and management fee	$	100,000	$	549,000
Depreciation and amortization expenses		1,000		358,000
Consulting fees		-		-
Office expenses		10,000		189,000
Professional fees - legal and accounting		19,000		155,000
System and IT expenses		6,000		24,000
Subcontractors		-		21,000
Share based compensation		-		8,000
Bad debt		(12,000)		6,000
Directors' fees		(4,000)		(92,000)
Other		1,000		21,000
	$	**(121,000)**	**$**	**(1,239,000)**
Research expenses				
Payroll and related expenses	$	-	$	118,000
Subcontractors		46,000		50,000
Other expenses		1,000		6,749
	$	**(47,000)**	**$**	**(174,749)**
Other expenses				
Interest, finance and accretion expense	$	61,000	$	292,000
	$	**(61,000)**	**$**	**(292,000)**
Net loss for the period attributed to the disposed legacy business	**$**	**(164,000)**	**$**	**(1,495,749)**
Add: Amortization on intangible assets related to legacy business		(143,000)		-
Add: Outgoing CEO compensation booked in the parent company		(43,440)		-
Total net loss from discontinued operations - legacy business	**$**	**(350,440)**	**$**	**(1,495,749)**

On June 1, 2025, the Company completed the sale of its legacy operating business, the Spetz app platform, along with all associated assets, liabilities, and subsidiaries, including its holdings in Spetz Tech Ltd, Spetz Inc (US) and Kirobo Ltd. As a result, prior year revenue and expenses have been reclassified as a separate line on the consolidated statements of loss and comprehensive loss called “discontinued operations – loss from legacy business”. As a result, there is a portion of the current year profit and loss which relates to the disposed legacy business up until May 31, 2025 which has also been recorded under “discontinued operations – loss from legacy business”. Comparative information has been re-presented accordingly in compliance with IFRS 5. The table above breaks down the discontinued operations by each year.

20. Financial Instruments and Risk Management

Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. The Company's activities expose it to a variety of financial risks: digital asset risk, credit risk, liquidity risk, market risk (including interest rate risk). Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Digital Asset Risks

In addition to the financial risks described below, the Company's exposure to credit risk, liquidity risk and market risk is significantly influenced by its activities involving digital assets, including staking, validator operations and participation in DeFi protocols. Digital assets introduce unique characteristics that may amplify or modify traditional financial risks, as described below.

Custody and private key risk
Digital assets are held either in self-custodied wallets or with third-party custodians. Loss, theft or compromise of private keys, security breaches, or failure of custodial service providers could result in permanent loss of assets.

Validator and protocol risk
The Company operates validator nodes and participates in staking activities, exposing it to risks such as validator downtime, slashing penalties and changes in protocol rules that may impact reward generation.

DeFi and smart contract risk
Participation in DeFi protocols exposes the Company to risks including smart contract vulnerabilities, oracle failures, collateral liquidation mechanisms and protocol governance risks.

Regulatory risk
The regulatory environment for digital assets continues to evolve and may impact the Company's operations, asset valuation, and ability to transact.

These risks are considered in conjunction with the Company's broader exposure to credit, liquidity and market risks described below.

Fair Values

Financial instruments of the Company consist of cash, accounts receivable, accounts payable and accrued liabilities, other payables, related-party payables, the Aave variable-debt S borrowing, and the Sonic Labs convertible debenture. Digital assets (including Sonic tokens, USDC, Bitcoin and aSonsT$) are accounted for as intangible assets under IAS 38 and therefore are not financial instruments; however, because they are measured at fair value on a recurring basis, they are included in the fair-value hierarchy table below in accordance with IFRS 13. There are no significant differences between the carrying amounts and estimated fair values of the Company's financial instruments, and the Company measures its digital assets at fair value on a recurring basis.

The Company has determined the estimated fair values of its financial instruments and digital assets measured at fair value based on appropriate valuation methodologies. Where quoted market prices or observable inputs are not readily available, the Company uses judgment in selecting valuation techniques and developing assumptions. Fair-value estimates may not be indicative of amounts that could be realized in an orderly market transaction on the reporting date and may differ materially if different assumptions or methodologies were applied.
The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 – Inputs that are not based on observable market data for the asset or liability

(Expressed in US Dollars)

December 31, 2025		Level 1		Level 2		Level 3		Total
Cash	$	101,216	$	-	$	-	$	101,216
Intangible assets - USDC	$	281,323	$	-	$	-	$	281,323
Intangible assets - Sonic	$	-	$	10,028,424	$	-	$	10,028,424
Intangible assets - Bitcoin	$	-	$	324,792	$	-	$	324,792
Intangible assets - aSonsT$ (Aave Loop)	$	-	$	593,092	$	-	$	593,092
Sonic Labs convertible debenture (liability)	$	-	$	(9,349,847)	$	-	$	(9,349,847)
Sonic tokens borrowed (Aave Loop)			$	(425,264)	$	-	$	(425,264)

December 31, 2024		Level 1		Level 2		Level 3		Total
Cash	$	923	$	-	$	-	$	923

The fair value of digital currencies – intangible assets is determined by reference to the market price provided by www.coinmarketcap.com, an independent third-party pricing aggregator that makes publicly available, for each relevant digital asset.

Credit Risk

Credit risk arises primarily from cash held with financial institutions, digital assets held with custodians/exchanges, and assets placed with third-party protocols. The Company's cash is held with a tier-1 financial institution and is considered low credit risk and any expected credit loss is immaterial. USDC and BTC are held at Crypto.com, exposing the Company to the exchange/custodian's credit and operational risk. Sonic (S) tokens are held in a Company hot wallet or delegated to validators and do not create a receivable from a financial institution (credit risk), but they carry operational/key-management risk and validator operational/slashing risk. Where S (or related receipts such as aSonsT$) are placed with DeFi protocols (e.g., Aave), the Company is exposed to protocol/counterparty performance risk and pooled-lending credit mechanics. The Company's maximum exposure to credit risk at the reporting date is the carrying amount of financial assets held with banks, custodians/exchanges, and protocols; assets in self-custody are excluded from credit exposure to third parties but remain subject to operational loss risk. The Company monitors counterparty concentrations and venue health (including custodian controls and protocol risk reviews) and diversifies holdings where practicable.

Currency Risk

The Company's functional currency is CAD and its presentation currency is USD. USD-denominated monetary balances are remeasured to CAD with gains or losses recognized in profit or loss, while translation to USD presentation currency is recognized in OCI as a cumulative translation adjustment (CTA). At December 31, 2025, the Company's USD monetary exposure comprised USDC of $281,323 (CAD $385,581) and USD cash holdings equivalent to CAD $1,039. USDC is accounted for as an intangible asset under IAS 38 and measured using the revaluation model. Its fair value is based on a 1:1 peg to the U.S. dollar. Accordingly, exposure to USD/CAD fluctuations arises through changes in the translated fair value of the asset rather than monetary remeasurement under IAS 21.A 10% change in the USD/CAD exchange rate would therefore change profit or loss by approximately CAD $38,662 (increase if USD strengthens; decrease if USD weakens). Other balances are excluded from this sensitivity because they are non-monetary under IAS 21 (e.g., Sonic and BTC measured at FVTPL; the Sonic Labs debenture and Aave variable-debt S borrow settled in tokens), with their risk reflected in fair-value or token-price movements rather than monetary FX remeasurement.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages cash projections centrally and regularly updates projections for changes in business and fluctuations caused in digital currency prices and exchange rates.

At December 31, 2025, cash of $101,216 and USDC balance of $281,323 exceed accounts payable and accrued liabilities of $280,099, and additional liquidity is available from BTC, which can be liquidated promptly if required. Liabilities also include two instruments that are not expected to require cash settlement: (i) the Sonic Labs convertible debenture ($9,349,847), which will either be converted to equity or settled in S tokens at maturity, and (ii) S tokens borrowed under the Aave loop ($425,264), which are economically linked to the Aave deposit position (aSonsT$) and are intended to be closed on-chain without cash. Management believes near-term liquidity is adequate given the cash balance relative to trade payables, the expected non-cash settlement of the debentures and Aave borrow, and the ability to realize BTC if needed. The Company monitors liquidity daily, maintains venue diversification, and can unwind protocol positions to fund obligations.

(Expressed in US Dollars)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Digital asset prices are volatile and affected by various factors including global supply and demand, interest rates, exchange rates, inflation or deflation and broader political and economic conditions. Supply and demand for such assets can change rapidly as affected by regulations, protocol developments and general economic trends. A decline in the market prices of digital assets could impact the Company's future operations. Management continuously monitors the Company's exposure in response to market conditions.

The Company is exposed to digital-asset price volatility because Sonic (S), BTC and aSonsT$ are measured at FVTPL, and the Sonic Labs convertible debenture is also measured at FVTPL with a value linked to the S price. A 10% change in the S price at the reporting date would change profit or loss by approximately ±$0.08 million, reflecting the net exposure of long S and aSonsT$ offset by the liability. A 10% change in BTC would change profit or loss by approximately ±$0.03 million. These estimates assume all other variables remain constant and positions are unchanged from year end.

USDC is also measured at FVTPL; however, due to its intended 1:1 peg to the U.S. dollar and historically insignificant price volatility, USDC is *not* included in the digital-asset price sensitivity analysis above. Its risk is instead captured through USD/CAD foreign-exchange sensitivity (see currency risk narrative).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company also has interest bearing convertible debentures which have fixed rate interest rates until maturity and are therefore not subject to fluctuations in market interest rates until maturity.

21. Related Party Transactions and Key Management Compensation

Key management includes members of the board of directors, Chief Executive Officer and Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the year ended December 31, 2025 and 2024:

For the year ended	December 31, 2025	December 31, 2024
CEO		
Compensation	$ 177,201	$ -
Share-based compensation	171,348	-
Compensation - discontinued operations	43,440	176,000
Total CEO compensation	**391,989**	**176,000**
CFO		
Compensation	94,489	-
Share-based compensation	51,374	-
Compensation - discontinued operations	-	213,000
Share-based compensation - discontinued opeartions	-	2,000
Total CFO compensation	**145,863**	**215,000**
Directors		
Compensation	52,196	-
Share-based compensation	154,121	-
Compensation - discontinued operations	-	83,000
Total Directors compensation	**206,317**	**83,000**
	$ 744,169	**$ 474,000**

At December 31, 2025, Sonic Labs was no longer a related party of the Company. On September 29, 2025, the Company's former Chief Executive Officer - who continued to serve as the executive chair of the Company - also assumed an executive role at Sonic Labs. Sonic Labs was not a related party prior to this date, and accordingly, the unsecured, non-interest-bearing convertible debenture entered into on September 10, 2025 for $40,000,000 (principal amount, $38,138,651 fair value upon contribution) in exchange for 126,622,349 Sonic tokens (see Note 11) was not a related-party transaction at the time it was executed. Following the change in relationship on September 29, 2025, the outstanding balance of the debenture was disclosed as a related-party balance. However, on December 16, 2025, the former Chief Executive Office also resigned as the executive chair and therefore Sonic Labs is no longer a related party as of December 31, 2025. During the period from September 29, 2025 to December 16, 2025, when Sonic Labs was considered a related party, no new transactions were entered into between the Company and Sonic Labs. The existing convertible debenture arrangement remained in place, and the Sonic tokens previously transferred continued to be held and delegated to Validator #2. During this period, staking rewards continued to accrue in the normal course of validator operations; however, no additional transfers, amendments, or new arrangements were entered into with Sonic Labs.

Related party loans

As of June 1, 2025, the Company had an outstanding debt from Spetz Tech Ltd.'s CEO and Director, Yossi Nevo, due to loans and unpaid salary of $1,664,334 ($1,523,512 as of December 31, 2024), including interest. On June 1, 2025, the Company reached an agreement whereby the outstanding balance of $1,664,334 was waived as part of the Spetz subsidiaries' sale.

Related party convertible debenture

On November 29, 2024, the Company obtained an extension for the related party's secured convertible debentures. The maturity date has been extended from October 31, 2024, to December 31, 2024. The company did not pay the loan on the maturity date. On June 1, 2025, the Company reached an agreement whereby the outstanding balance of $301,712 was waived as part of the Spetz subsidiaries' sale.

22. Commitments and contingencies

As at December 31, 2025, the Company had no material contractual commitments, including but not limited to capital expenditures, lease obligations, or purchase commitments. The Company is not party to any material legal proceedings, claims, or contingent liabilities. In the normal course of business, the Company may be subject to claims or assessments; however, management does not believe that the outcome of any such matters, individually or in the aggregate, would have a material adverse effect on the Company's financial position, results of operations, or cash flows. The Company has not provided any guarantees, indemnities, or other off-balance sheet arrangements that would give rise to a material contingent liability. The Company may enter into consulting and service agreements in the normal course of operations. These agreements are typically short-term in nature and cancellable without significant penalty; accordingly, no material commitments have been recognized.

23. Subsequent events

The Company has evaluated subsequent events from the statement of financial position date through April 28, 2026, the date on which these consolidated financial statements were authorized for issue. There were no material adjusting or non-adjusting subsequent events identified that require adjustment to or disclosure in these consolidated financial statements.

24. Basis of presentation – units and comparative information

In the current year, the Company changed the unit of presentation from thousands of United States dollars to actual United States dollars to provide greater precision and clarity. Comparative figures have been re-presented on the same basis for consistency, and this change affects only the display of amounts and does not impact measurement, recognition, or totals previously reported.

In addition, in prior years, the Company presented equity as a single line item titled "share capital and additional paid-in capital" on the statement of financial position and statement of changes in shareholders' equity (deficiency). In the current year, the Company has enhanced its financial statement presentation by disaggregating this balance into separate components, including share capital, warrant reserve, share-based payments reserve, and equity portion of convertible debenture, to provide more relevant and transparent information to users of the financial statements. Accordingly, comparative figures have been reclassified to conform to the current year presentation. As part of this change, the opening balances of equity have been adjusted to reflect the allocation of amounts between the respective equity components. This reclassification had no impact on total shareholders' equity (deficiency).

In addition, certain prior-year disclosures were reorganized and reworded to align with the current-year presentation (including note ordering, headings and aggregation/disaggregation of various line items). These changes are presentation-only and have no effect on profit or loss, total assets, total liabilities, equity, or cash flows.

(Expressed in US Dollars)

25. Income tax

The Company's provision for income taxes differs from the amounts computed by applying the basic current rate of 26.5% for Ontario (2024 – 26.5% for Ontario, 23% for Israel, 21% for United State, 25% for Australia and United Kingdom) to income (loss) for the year before taxes as shown in the following table:

For the year ended		December 31, 2025		December 31, 2024
Loss before income taxes	$	(8,816,472)	$	(1,495,749)
Combined statutory income tax rate		26.50%		21%-26.5%
Expected income tax recovery		(2,336,365)		(388,000)
Share-based compensation		335,482		6,000
Permanent differences and other		1,045,053		93,000
Change in deferred income tax asset not recognized		955,830		289,000
Income tax (recovery) expense	**$**	**-**	**$**	**-**

Deferred income taxes

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

		December 31, 2025		December 31, 2024
Non-capital and capital losses carried forward	$	5,280,640	$	4,768,000
Capital assets		2,727,128		2,297,000
Deferred financing fees and other		206,062		193,000
Deferred tax asset (liability)		8,213,830		7,258,000
Less: Deferred tax asset not recognized		(8,213,830)		(7,258,000)
Net deferred tax asset (liability)	**$**	**-**	**$**	**-**

As at December 31, 2025, the Company had non-capital and capital tax losses of $20,265,958 available to use against future taxable income for income tax purposes. The non-capital losses expire from 2026 through 2045. No deferred tax assets were recognized in respect.

26. Segment reporting

Subsequent to the sale of the legacy business on June 1, 2025, the Company operates as a single reportable segment. The Chief Operating Decision Maker (CODM), being senior management, reviews financial information on a consolidated basis for the SonicStrategy business unit there is no segmented information that is reviewed for performance. The Company's operations are primarily based in Canada, and no separate geographic segment information is reviewed by the CODM.

27. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to maintain financial flexibility, and to support the execution of its business strategy. The Company defines capital as shareholders' equity (deficiency). The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its underlying assets, including digital assets. To maintain or adjust its capital structure, the Company may issue new shares, incur or repay debt, or dispose of assets. The Company is not subject to externally imposed capital requirements. Management monitors capital based on the Company's financial position, liquidity requirements, and ongoing funding needs, including through budgeting and forecasting processes.