



Management Discussion and Analysis

For the Year Ended December 31, 2025

March 31, 2026

2025 HIGHLIGHTS

The comparative year ended December 31, 2025 figures in this MD&A includes CEM Specialties Inc. ("CEMSI"). On June 24, 2024, the Company completed the sale of the operational net assets of CEMSI.

- Revenues for the three months ended December 31, 2025 were \$1.6 million, compared to \$1.7 million for the same quarter in the prior year.
- Revenues for the year ended December 31, 2025 were \$5.7 million, compared to \$10.9 million in the prior year.
- Gross margin for the year ended December 31, 2025 was 54%, compared to 56% in the prior year.
- Adjusted EBITDA for the three months ended December 31, 2025 was negative \$(105,270) compared to \$(290,144) for the same quarter in the prior year.
- Adjusted EBITDA for the year ended December 31, 2025 was negative \$(771,604) compared to \$(525,458) in the prior year.
- Net income (loss) for the year ended December 31, 2025 was \$(6.3) million compared to \$12.2 million in the prior year. For the year ended December 31, 2025 net income (loss) includes an increase in loss from revaluation of marketable securities. For the year ended December 31, 2024 net income includes gain on sale of the CEMSI net assets.
- Unrealized loss on revaluation of marketable securities for the year ended December 31, 2025 was a loss of \$3.1 million. The fair value of a financial instrument will fluctuate because of changes in market prices. The Company invested in marketable securities, including GIC's, fixed income securities, iShares bitcoin trust etf ("IBIT"), call options on IBIT and securities holding digital assets, and shares in public companies holding digital assets. The Company notes that the investments in digital assets are expected to be more volatile than the other marketable securities held.
- As at December 31, 2025 the Company's aggregate cash and marketable securities balance was \$7.8 million. As at December 31, 2025 the Company had no outstanding interest-bearing bank debt.

Caution Regarding Forward Looking Statements

Certain information included in this Management Discussion and Analysis, including information relating to future financial or operating performance and other statements that express the expectations of management or estimates of future performance constitute “forward-looking statements”. All statements contained herein that are not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “likely”, “should”, “would”, “plan”, “anticipate”, “intend”, “potential”, “proposed”, “estimate”, “believe” or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Such forward-looking statements include, without limitation, statements regarding possible future acquisitions and/or investments in operating businesses and/or technologies, accelerated organic growth, expansion of smart energy technologies into US markets, strategic partnerships to expand into North American Markets, acceleration of recurring SaaS revenues, the provision of solutions to customers and Greenhouse Gas emissions reductions, proposed financial savings and sustainable energy benefits and energy monitoring.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief are based on assumptions made in good faith and believed to have a reasonable basis. Such assumptions include, without limitation, that suitable businesses and technologies for acquisition and/or investment will be available, that such acquisitions and or investment transactions will be concluded, that sufficient capital will be available to the Company, that technology will be as effective as anticipated, that organic growth will occur, and others.

However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by such forward-looking statements. Such risks include, but are not limited to, lack of acquisition and investment opportunities or that such opportunities may not be concluded on reasonable terms, or at all, that sufficient capital and financing cannot be obtained on reasonable terms, or at all, that technologies will not prove as effective as expected that customers and potential customers will not be as accepting of the Company’s product and service offering as expected, and government and regulatory factors impacting the energy conservation industry

Accordingly, undue reliance should not be placed on forward-looking statements and the forward-looking statements contained in this Management Discussion and Analysis are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as at the date hereof and the Company does not undertake any obligation to update publicly or revise any such forward-looking statements or any forward-looking statements contained in any other documents whether as a result of new information, future events or otherwise, except as required under applicable securities law. In this Management Discussion and Analysis (“MD&A”), “Kontrol”, “Kontrol Technologies”, the “Company”, “we”, “us” and “our” refer to Kontrol Technologies Corp. and its subsidiaries. All financial information is prepared in Canadian dollars and using International Financial Reporting Standards (“IFRS”). Unless otherwise specified, in this MD&A, all references to “dollars” or to “\$” are to Canadian dollars.

Additional information relating to Kontrol Technologies Corp., including our most recent Annual Information Form ("AIF"), is available on SEDAR at www.sedarplus.ca. This MD&A should be read in conjunction with the Company's fiscal 2025 audited consolidated financial statements.

Non-IFRS Measures

Adjusted EBITDA is a non-International Financial Reporting Standards ("IFRS") measure used by management that is not defined by IFRS. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA provides meaningful and useful financial information as these measures demonstrate the operating performance of the business excluding non-cash charges.

"Adjusted EBITDA" is calculated as net income or loss before interest, income taxes, amortization, and depreciation, share based compensation, acquisition related expenses, listing expense, gain or loss on sale of assets, revaluation and impairment of assets. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net income as determined under IFRS; nor as an indicator of financial performance as determined by IFRS; nor a calculation of cash flow from operating activities as determined under IFRS; nor as a measure of liquidity and cash flow under IFRS. The Company's method of calculating Adjusted EBITDA may differ from methods used by other companies and, accordingly, the Company's Adjusted EBITDA may not be comparable to similar measures used by any other company.

Management reports its financial statements as one operating segment for reporting purposes. The Company's operating businesses are carried on or owned by its wholly-owned subsidiaries. With respect to energy management, Kontrol Energy Group, Efficiency Engineering and Kontrol Buildings provide turn-key solutions to building owners and asset managers in the commercial, industrial and multi-residential sector. These include software to analyze the management of HVAC systems, design and engineering of improvements and/or retrofits and ongoing mission critical services.

ABOUT

The Company is a provider of energy management to commercial and industrial consumers. Management considers its products and services to comprise one operating segment - energy management and consulting services. The Company delivers building intelligence through the Internet of Things (IoT), software and cloud technology, design and engineering improvements, energy retrofits, and installation of HVAC systems. Kontrol works to provide products and services that are intended to benefit customers from reduced energy costs, lower emissions, improved operating performance real-time data and analytics, smart-learning, and increased sustainability.

PRODUCTS AND SERVICES

Smart Buildings and Facilities

Kontrol's Smart Technology is deployed to customers through a cloud-based interface accessible on desktops and mobile devices. The Company collects real-time and historical data through the use of IoT

sensors and direct connection to industrial control systems, bringing various sources of asset performance data in the cloud where smart-learning software is applied to optimize performance.

Energy management

The Company provides building HVAC integration, automation, and retrofits to improve the energy efficiency of buildings and facilities. These are typically one-time projects with annual recurring service revenue generated to manage and maintain the energy and building assets following their installation. Kontrol provides end-to-end HVAC services, including custom system design, installation, and maintenance, supported by advanced building assessments to optimize performance and longevity.

Kontrol and its subsidiaries provide technical services to help building owners and managers improve their facilities, save money, and conserve valuable energy resources. These services are intended to uncover, design, and manage facility systems solutions, with an emphasis on economic feasibility and energy savings. Kontrol will navigate provincial and federal incentive programs on behalf of building owners and property managers. The Company collaborates with clients to provide thorough and cost-effective energy auditing, monitoring and verification, energy project assessment, mechanical, electrical, and renewable design, and LEED facilitation.

BUSINESS ACQUISITIONS/DIVESTURES AND PURCHASE/SALE OF ASSETS

June 24, 2024 – SALE OF ASSETS - CEM SPECIALTIES INC.

December 29, 2023 – SALE OF ASSETS - ORTECH CONSULTING INC.

February 14, 2023 – BANKRUPTCY ASSIGNMENT OF GLOBAL HVAC & AUTOMATION INC.

July 30, 2021 – ACQUISITION OF GLOBAL HVAC & AUTOMATION INC.

August 1, 2020 - ACQUISITION OF NEW FOUND AIR HVAC SERVICES INC.

January 14, 2019 - PURCHASE OF ASSETS FROM DIMAX CONTROLS CANADA INC.

September 20, 2018 - ACQUISITION OF CEM SPECIALTIES INC.

April 30, 2018 - ACQUISITION OF ASSETS FROM MCW DIMAX LTD.

August 4, 2017 - ACQUISITION OF EFFICIENCY ENGINEERING INC.

February 10, 2017 - ACQUISITION OF ORTECH CONSULTING INC.

December 1, 2016 - ACQUISITION OF PATENTS AND INTELLECTUAL PROPERTY LOG-ONE LTD.

June 30, 2016 - ACQUISITION OF KONTROL TECHNOLOGIES INC.

CORPORATE UPDATE

The Company is focused on providing sustainable building services and solutions to a wide range of real estate owners, property managers and institutions. The Company's customer footprint includes commercial, multi-residential and industrial customers who face similar challenges, including managing energy consumption and decarbonization.

The Company's balance sheet as at December 31, 2025 reflects a stronger financial position as a result of a full pay off in 2024 of the revolver and term loan. The Company has eliminated all interest-bearing bank debt and has achieved improved leverage. In 2024 the sale of CEMSI's net assets raised substantial internal

cash, delivered a significant gain to book value and in the process, we are now well positioned with the necessary resources to accelerate organic growth plans and to evaluate potential acquisitions. While the Company has not closed any new acquisitions in recent quarters, we have identified targets and continue the process of performing detailed due diligence reviews, which require a substantial amount of time to complete. The Company's business model involves growing our core sustainable buildings platform which is critical to Kontrol's strategic direction. We experienced some softness in the market with customers slowing their spending on capex projects, primarily related to economic uncertainty, however, maintenance and service solution margins have remained strong. We continue to service approximately 400 commercial buildings. Over the medium term we will seek to deploy cash resources through expansion of core operations in managing the decrease in revenue and earnings resulting from recent asset sales.

Revenue

Revenues for the three months ended December 31, 2025 were \$1.6 million, compared to \$1.7 million for the same quarter in the prior year. Revenues for the year ended December 31, 2025 were \$5.7 million, compared to \$10.9 million in the prior year. The decrease for the year compared to the prior year is mainly attributable to the sale of air monitoring and compliance assets in Q2 2024. The decrease is also attributable to softness in the market with customers slowing their spending on capex projects

The Company's presence in buildings allows for revenue generation from multiple sources including project integration, energy retrofit and service, recurring revenues through energy software monitoring, maintenance, energy management, and engineering/design. Our building technology and cloud-based platform are addressing sustainability, energy conservation and greenhouse gas emission reduction. Further, we continue to focus on our net zero emission business in the private and public sectors.

The Kontrol Buildings brand is a commercial and industrial HVAC contractor that mainly services the province of Ontario. The group has demonstrated excellence in both customer and technical services; providing complete turnkey solutions which includes repair, installation, maintenance, retrofit, and system design services for HVAC systems.

Adjusted EBITDA

Adjusted EBITDA for the three months ended December 31, 2025 was negative \$(105,270) compared to negative \$(290,144) for the same quarter in the prior year. Adjusted EBITDA for the year ended December 31, 2025 was negative \$(771,604) compared to negative \$(525,458) in the prior year.

The reduction of earnings from the sale air monitoring and compliance assets had a negative impact on EBITDA. Further, activity from HVAC and energy consulting was slower from a revenue perspective than the comparative 2024 period due to lower volume of service work orders and number of customer projects. Gross margin was steady in 2025 compared to the prior year which was favourable on earnings for the industrial HVAC group. The HVAC team has consistently contributed steady revenue and earnings through a combination of project work and service maintenance under contract. Kontrol's audit and systems design team are leading experts in net zero emission engineering and have been putting

decarbonization and mitigating environmental impacts at the forefront as we address a renewed focus on helping our customers achieve their sustainability objectives.

Gross profit and expenses

Gross profit for the year ended December 31, 2025 was \$3.1 million, compared to \$6.1 million in the prior year. Gross margin for the year ended December 31, 2025 was 54%, compared to 56% in the prior year. The decrease in dollars is attributable to the sale of air monitoring and compliance assets. The overall gross margin has remained in a favourable range due to the Company's strategic focus on higher gross margin service and technology solutions, and the implementation of sales price increases.

Advertising and promotion for the three months ended December 31, 2025, was \$6,128 down from \$13,812 for the comparative quarter in the prior year, and the year ended December 31, 2025, totalled \$19,684 down from \$55,525 in the prior year. Advertising is primarily related to social media campaigns, marketing, trade shows and product awareness campaigns. Management will utilize these campaigns on a strategic basis as required to communicate Company news, technology deployments, customer outreach and overall corporate updates. As these expenses are often discretionary in nature, management has focussed on essential programs. The decrease is mainly attributable to the sale of air monitoring and compliance assets in Q2 2024. Further, non-recurring video expenses relating to our services were incurred in the prior year.

Business fees and licenses for the three months ended December 31, 2025, was \$35,144 down from \$72,475 for the comparative quarter in the prior year, and the year ended December 31, 2025, totalled \$236,486 down from \$339,952 in the prior year. This expense account includes all fees associated with Kontrol's public listing, administrative fees relating to any financings, software licenses and cloud computing fees. Management's ongoing efforts to reduce scope of service cloud computing/storage, web services and computing processing capacity has resulted in greater stability and consistency of the overhead. The decrease is attributable to the sale of air monitoring and compliance assets in Q2 2024. Further, there were no administrative expenses relating to any bank financing in 2025.

Consulting for the three months ended December 31, 2025, was \$102,560 up from \$89,814 for the comparative quarter in the prior year, and the year ended December 31, 2025, totalled \$346,716 down from \$1.9 million in the prior year. Consulting will vary based on the mix of staff under consulting arrangement versus employment salary contracts. Kontrol will periodically engage investor relations firms and strategic communication professionals on a case-by-case basis depending on company awareness needs. Consultants are used for any annual SR&ED filings. The year over year decrease relates to consulting fees incurred in connection with the successful closing of the CEMSI asset sale transaction in 2024.

Employee salaries and benefits for the three months ended December 31, 2025, was \$593,159 down from \$624,204 for the comparative quarter in the prior year, and the year ended December 31, 2025, totalled \$2.3 million down from \$3.3 million in the prior year. Employee salaries and benefits decreased due to

the sale of CEMSI assets. As the Company pursues growth opportunities in our sustainable buildings' platform, the expectation is to leverage existing in-house expertise and we are experiencing benefits.

Other (income) expense for the three months ended December 31, 2025 was \$31,777 down from \$122,641 for the comparative quarter in the prior year, and the year ended December 31, 2025, totalled \$14,609 up from \$(102,585) in the prior year. Other income is comprised of certain income and exchange generated from the marketable securities, benefits from scientific research and experimental development ("SR&ED"), funding from the Industrial Research Assistance Program, and other miscellaneous income and expenses. The decrease is related to significantly lower spending on product development which has negatively impacted SR&ED benefits.

Professional fees for the three months ended December 31, 2025 was \$(34,151) down from \$90,677 for the comparative quarter in the prior year, and the year ended December 31, 2025, totalled \$471,945 down from \$529,418 in the prior year. The negative amount in Q4 has to do with reversal of accruals for legal fees that were deemed over provisioned. Professional fees include audit, legal, recruiter, investment banking, dispute settlement, and professional fees relating to asset sales and discontinued operations, and other miscellaneous. The decrease is attributable to an overall drop in legal fees associated with the business and dispute settlement.

Travel for the three months ended December 30, 2025, was \$26,137 down from \$42,389 for the comparative quarter in the prior year, and the year ended December 31, 2025, totalled \$116,371 down from \$163,784 in the prior year. In the first half of 2024 (before the sale of CEMSI), the monitoring and compliance team were incurring expenses for travel to customers both locally and in the U.S. The Ontario based energy service teams will continue to incur typical expenses such as fuel, and road tolls.

Net finance income for the three months ended December 31, 2025, was \$17,149 compared to \$33,808 for the same quarter in the prior year, and the year ended December 31, 2025, net finance income totalled \$123,978 compared to net finance expense of \$173,021 in the prior year. The Company is recording interest income earned on the marketable securities. As at December 31, 2025 the marketable securities balance was \$7.1 million. The revolver and term loan were paid off in 2024 which has markedly reduced total liabilities; interest expense that previously related to bank debt was not applicable in 2025. Interest expense continues to be incurred in connection with leases.

Share-based compensation for the year ended December 31, 2025, was \$147,336 down from \$244,294 in the prior year. Share-based compensation relates to expensing of employee and board options and share awards; timing of compensation will impact expense recognition.

Unrealized loss on revaluation of marketable securities for the three months and year ended December 31, 2025 was loss of \$4.5 million and \$3.1 million respectively. The realized loss amount for 2025 was \$488,451. The marketable securities are measured at fair value through profit and loss. The fair value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market price risk arising from its marketable securities.

Selected Financial Information and Discussion of Operations

Financial Results	Three months ended		For the years ended December 31		
	Dec 31, 2025	Dec 31, 2024	2025	2024	2023
Revenue	\$1,585,347	\$1,749,808	\$5,675,662	\$10,928,814	\$18,828,380
Gross profit	\$747,036	\$858,702	\$3,069,091	\$6,135,882	\$11,562,668
Net income (loss) from continuing operations	\$(6,049,014)	\$148,582	\$(6,257,876)	\$12,197,640	\$(381)
Gain (loss) from discontinued operations	-	-	-	-	\$21,786,635
Net income (loss) and comprehensive income (loss)	\$(6,049,014)	\$148,582	\$(6,257,876)	\$12,197,640	\$21,786,254
Basic and diluted EPS - continuing operations	\$(0.11)	\$0.00	\$(0.11)	\$0.21	\$0.00
Basic and diluted EPS - discontinued operations	-	-	-	-	\$0.39
Add/Deduct for Adjusted EBITDA reconciliation:					
Amortization and depreciation	\$263,553	\$156,957	\$733,076	\$772,189	\$1,814,382
Finance expense (income)	\$(17,149)	\$(33,808)	\$(123,978)	\$173,021	\$1,670,156
Impairment of assets	\$1,228,363	-	\$1,228,363	-	\$2,268,753
Gain on sale of assets	-	-	-	\$(13,281,812)	\$(2,447,038)
Realized loss on sale of marketable securities	-	-	\$488,451	-	-
Unrealized loss on revaluation of marketable securities	4,536,471	\$(21,738)	3,082,435	\$(21,738)	-
Tax recovery	\$(69,411)	\$(609,052)	\$(69,411)	\$(609,052)	\$(88,914)
Share based compensation	\$1,917	\$68,915	\$147,336	\$244,294	\$380,684
Adjusted EBITDA - continuing operations	\$(105,270)	\$(290,144)	\$(771,604)	\$(525,458)	\$3,597,642

Financial Position	At Dec 31, 2025	At Dec 31, 2024	At Dec 31, 2023
Assets	\$13,527,646	\$20,280,554	\$22,754,245
Non-current liabilities	\$147,102	\$355,648	\$1,279,965
Cash dividends	\$0	\$0	\$0

Total assets and liabilities

As at December 31, 2025, the Company had total assets of \$13.5 million. Cash, marketable securities, accounts receivable, goodwill, and intangible assets were the most significant dollar asset account balances. Non-current liabilities are comprised of lease liabilities, and deferred income taxes. Bank related debt was paid off in 2024. Investments in marketable securities were made in 2024 and 2025 through cash available.

Annual impairment testing involves determining the recoverable amount of the cash-generating unit (CGU) group to which goodwill is allocated and comparing this to the carrying value of the CGU groups. The fair value less costs of disposal was determined to be in greater than the CGUs value in use. As at December 31, 2025 Goodwill relating to the SmartSite brand and Efficiency Engineering Inc. were deemed impaired in 2025. The impairment amounts equal the goodwill carrying amounts of \$398,000 and \$830,363 for SmartSite and Efficiency Engineering respectively.

Disclosure of Outstanding Share Data

As at December 31, 2025, 53,759,169 common shares, 3,360,000 options, and 9,307,340 warrants were outstanding. The options and warrants are exercisable on a one-for-one basis for common shares of the Company.

SUMMARY OF QUARTERLY RESULTS

The following summary information is taken from the Company's quarterly and annual financial reports.

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Dec 31, 2025	Sept 30, 2025	June 30, 2025	March 31, 2025	Dec 31, 2024	Sept 30, 2024	June 30, 2024	March 31, 2024
Revenue	\$1,585,347	\$1,339,508	\$1,257,424	\$1,493,383	\$1,749,808	\$1,737,947	\$3,654,825	\$3,786,234
Gross Profit	\$747,036	\$774,627	\$739,623	\$807,804	\$858,702	\$924,580	\$2,020,525	\$2,332,075
Net income (loss)	\$(6,049,014)	\$706,378	\$230,592	\$(1,145,833)	\$148,582	\$(931,032)	\$12,321,014	\$533,487
Basic and Diluted EPS	\$(0.11)	\$0.01	\$0.00	\$(0.02)	\$0.00	\$(0.01)	\$0.21	\$0.01

Revenue was up in Q4 2025 compared to Q3 2025 and down compared to Q4 2024, and overall stable over the fiscal year 2025. While the Company has experienced some softness in the market due to customer postponement of larger scale projects, gross margin percentage was fairly consistent throughout 2025 compared to 2024. Due to the sale of air monitoring and compliance related assets in Q2 2024, as expected the revenue and gross profit trend line has been on a downward decline since the sale of those assets. Management is pleased with the gains generated from asset sales; Q2 2024 net income includes a significant gain on the sale of air monitoring and compliance assets, which reflects a substantial premium to book value. While the Company's operational footprint has become smaller, we seek to deploy our cash holdings to accelerate the pursuit of growth opportunities in our sustainable buildings' platform. Starting in Q3 2024 net income (loss) includes the revaluation of marketable securities.

LIQUIDITY AND CAPITAL RESOURCES

The aggregate cash and marketable securities balance as at December 31, 2025 was \$7.8 million. As at December 31, 2025, the Company had current assets and current liabilities of \$10.1 million and \$5.1 million, respectively. The Vendor Take Back associated with the Global discontinued operation is classified as current based on the contractual terms of the purchase agreement. However, the Company is pursuing legal action against the vendor, as the full amount is under legal dispute. Bank debt was paid off in 2024.

Cash flows used in operating activities were \$123,274 for the year ended December 31, 2025, compared to cash flows from operating activities of \$624,981 in the prior year. The reduction of earnings from asset sales in 2024 had a downward impact on cash flows in the current year.

Cash flows used in investing activities were \$702,698 for the year ended December 31, 2025, compared to cash flows from investing activities of \$10.3 million in the prior year. During Q1 2024, the Company had received proceeds owed from the buyer in connection with the Q4 2023 sale of air testing assets. During Q2 2024, the Company received proceeds in connection with the sale of CEMSI net assets. During the year ended December 31, 2025, Company purchases and sales of marketable securities were \$6.1 million of \$6.0 million respectively. Proceeds from interest income derived from these investments were \$146,202. During the year ended December 31, 2025 the Company made Director advances of \$730,000. Other investing activities in 2025 were additions to product development, computer equipment and vehicle disposal which in aggregate totalled \$43,295.

Cash flows used in financing activities were \$478,348 for the year ended December 31, 2025, compared to \$12.1 million in the prior year. Lease principal payments of 107,922 were made during the year ended December 31, 2025 compared to \$175,715 in the prior year. The reduction relates to elimination of one office lease due to the sale of assets. The Company repurchased \$348,202 of common shares during the year ended December 31, 2025. Interest payments were \$22,224 for the year ended December 31, 2025 compared to payments of \$366,913 in the prior year. The Company is in a net interest positive position due to interest income derived from its holdings of marketable securities. During the year ended December 31, 2025, the Company made total principal payments of \$11.1 million to the term loan and revolver. The Company paid off these debt instruments in 2024. Interest expense continues to be incurred in connection with leases.

Investments in marketable securities

During the years ended December 31, 2025 and December 31, 2024, the Company invested in marketable securities, including GIC's, fixed income securities, iShares bitcoin trust ETF ("IBIT"), call options on IBIT and securities holding digital assets, and shares in public companies holding digital assets. Certain securities may be held to collect principal and interest or for cash flows. As at December 31, 2025, total marketable securities were \$7.1 million. All investments in marketable securities are passive investments. These investments were made until a point in which the cash liquidity can be deployed into the active operations of the business, through organic growth or acquisitions. The Company's passive investments include marketable securities that are directly correlated or correlated with the price of the digital assets.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses various factors it

believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes differ from these estimates under different assumptions and conditions.

RELATED PARTY TRANSACTIONS

	Year ended December 31, 2025	Year ended December 31, 2024
Salaries, benefits, and consulting	532,600	1,884,000
Share based compensation	106,200	152,000
	\$638,800	\$2,036,000

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and consists of the Company's executive management team and management directors. The above table is a summary of the related party transactions, including key management compensation for the year ended December 31, 2025, and 2024. Director loans are repayable within one year, interest bearing at annual rates ranging from 4% to 6%, and unsecured.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its cash, accounts receivable and certain marketable securities. The Company limits exposure to credit risk by maintaining its cash with large Canadian financial institutions. To mitigate credit risk with respect to accounts receivable the Company subjects all major customer accounts to its credit evaluation process. The Company's maximum exposure to credit risk as at December 31, 2025 is the carrying value of cash held with financial institutions, marketable securities and accounts receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital to meet short-term business requirements after taking into account cash flows from operations, the Company's holdings of cash, available credit facilities, and by initiating new debt or equity financings. The Company manages liquidity risk through the management of its capital structure.

The Company's contractual liabilities and obligations are as follows:

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Accounts payable	876,281	-	-	876,281
Holdback and VTB	4,082,500	-	-	4,082,500
Lease liabilities	123,404	251,392	-	374,796
Total	\$5,082,185	\$251,392	\$0	\$5,333,577

The Global VTB is classified as current based on the contractual terms of the purchase agreement. However, the Company is pursuing legal action against the vendor, as the full amount is under legal dispute.

(c) Fair Value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities:

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2025 and December 31, 2024, both the carrying and fair value amounts of all the Company's financial instruments was approximately equivalent. The Company's marketable securities are measured at fair value and are classified as level 1 within the fair value hierarchy.

(d) Foreign currency risk

Foreign currency risk arises because of fluctuations in exchange rates. Management of foreign exchange currency exposure is governed by the Company's foreign exchange policy. The objective of the policy is to minimize the earnings impact of foreign currency gains and losses associated with foreign exchange rate fluctuations.

The financial assets and liabilities that are denominated in foreign currencies will be affected by changes in the exchange rate between the Canadian dollar and the U.S. dollar. This primarily includes cash, accounts receivable, marketable securities, accounts payables and accrued liabilities which are denominated in foreign currencies.

(e) Market price risk

Market price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors

affecting similar financial instruments traded in the market. The Company is exposed to market price risk arising from its marketable securities. The Company manages market price risk in accordance with the Company's investment objective and policies. As at December 31, 2025, had the market price for these securities increased or decreased by 10%, with all other variables held constant, net income would have increased or decreased by \$707,417. The Company notes that the investments in IBIT, call options, and shares in public companies holding digital assets are expected to be more volatile than the other marketable securities held.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

In accordance with National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", our certifying officers have evaluated the design effectiveness of Disclosure Controls and Procedures, and our Company's Internal Control over Financial Reporting.

There were no changes in the Company's Internal Control over Financial Reporting during the period ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's Internal Control over Financial Reporting.