SonicStrategy Inc.

(formerly Spetz Inc.)

Management's Discussion and Analysis

Form 51-102F1

For the Year Ended December 31, 2025

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of SonicStrategy Inc. (the "Company", formerly Spetz Inc.) constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2025. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2025, together with the notes thereto. Results are reported in US dollars, unless otherwise noted. Information contained herein is presented as at April 28, 2026 unless otherwise indicated.

Description of Business

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 the acquisition of SonicStrategy and the sale of Spetz legacy business, operations are now focused on expanding its digital asset holdings, validator operations, increasing staking adoption, and integrating with the Company's broader ecosystem with the goal of unlocking new blockchain-based revenue opportunities. Management aims to drive growth in staking solutions 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 and early-stage corporation

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.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting year. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

While the Company's financial position improved significantly during the year due to the contribution of Sonic tokens under the Sonic Labs debenture (see "Notable updates" section 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 equity 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.

Notable updates in 2025

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).

On January 20, 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 addition, 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).

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.

In May 2025 and June 2025, the Company completed the three 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. 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 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 statements.

On June 5, 2025, the Company issued a total of 3,150,000 stock options under its equity incentive plan, all exercisable at a price of $0.81 CAD. The options were allocated as follows: 1,000,000 to officers, 375,000 to directors and 1,775,000 to consultants and advisors. The options have a term of 10 years and vest in quarterly tranches over a period of 24 months. These grants were intended to align the interests of key personnel with the long-term success of the Company.

On June 12, 2025, the Company launched its first institutional-grade validator on the Sonic blockchain. The validator is publicly listed as Validator #1, 45 – "SonicStrategy | CSE: SONI | OTC: SONIF". Validators are essential infrastructure on proof-of-stake blockchains like Sonic. They help process transactions, secure the network, and maintain consensus by verifying new blocks of data. In return, validators earn yield (rewards), making them a foundational piece of blockchain scalability and integrity.

On July 30, 2025, the Company announced that its common shares were approved for trading on the OTCQB Venture Market in the United States under the ticker "DBKSF" (later changed to "SONIF") effective July 25, 2025. The upgrade from the Pink Market enhanced U.S. investor accessibility and supported the Company's broader capital-markets strategy as it expands within the Sonic blockchain ecosystem.

On August 7, 2025, the Company announced the addition of two senior leaders. Russell Starr joined as a strategic advisor, bringing extensive capital-markets and U.S. exchange-readiness experience. In connection with his appointment, Russell Starr was granted 750,000 stock options at an exercise price of $0.60 CAD per share, vesting over a three-year period. Ivan Riabov was appointed Chief Financial Officer, contributing over 15 years of finance and operational leadership across public companies and high-growth technology businesses. These appointments strengthen the Company's governance, financial oversight, and capital-markets capabilities.

On August 26, 2025, the Company appointed HDCPA Professional Corporation as its new external auditor. HDCPA is registered with both CPAB and the PCAOB.

On August 29, 2025, the Company announced that its common shares had become fully DTC eligible and that it had received final approval for trading on the OTCQB. DTC eligibility improves electronic clearing and settlement in the U.S., further supporting enhanced liquidity and broader investor reach.

On September 4, 2025, the Company announced the formation of the Sonic Technical Advisory Council, comprised of senior leaders from Sonic Labs. The council will provide technical insight and ecosystem guidance to SonicStrategy in areas such as validator infrastructure, developer incentives, and network expansion, helping ensure strategic alignment with the Sonic blockchain while maintaining independent oversight. On the same day, the Company granted 1,050,000 stock options to a number of arm's length consultants at an exercise price of $1.44 CAD per share and vesting over a four-year period.

On September 10, 2025, the Company closed the previously announced investment from Sonic Labs, structured as a non-interest-bearing convertible debenture with a principal amount of $40,000,000 (fair value of $38,138,651). The Company received 126,622,348.845 Sonic (S) tokens, placed into a multi-signature treasury wallet and intended for deployment across the Company's validator operations. The debenture matures on March 10, 2029 and is convertible at US$4.50 per share, subject to specified uplisting and financing milestones. Any principal not converted at maturity may be settled through the return of a proportionate number of Sonic tokens.

On September 18, 2025, the Company launched its second institutional-grade validator on the Sonic network. The new validator, seeded with approximately 126.6 million S tokens, became the largest self-stake validator and the third-largest validator by total stake on the network. Combined with its first validator, the Company now operates two of the largest validators in the Sonic ecosystem.

On September 29, 2025, the Company appointed Dustin Zinger as Chief Executive Officer, with Mitchell Demeter transitioning to Executive Chair following his acceptance of a leadership role with Sonic Labs. The leadership realignment supports the Company's continued expansion of its validator operations and integrates with the broader Sonic ecosystem. Dustin's background in capital markets and blockchain infrastructure is expected to support the Company's next phase of growth.

On December 2, 2025, the Company completed its legal name change from Spetz Inc. to SonicStrategy Inc. and changed its ticker symbol from "SPTZ" to "SONI". This marked a new chapter for the Company as the name aligns with the Company's long-term goal of being a public markets access point for the Sonic blockchain.

On December 16, 2025, Mitchell Demeter informed the Company of his decision to resign as Executive Chair and member of the Board of Directors in order to allow him to dedicate more time toward his role at Sonic Labs. In connection with his departure, the Company cancelled an aggregate of 2,000,000 stock options previously issued to Mitchell Demeter (1,000,000 stock options) and to the members of the Sonic Technical Advisory Council (1,000,000 stock options).

On January 7, 2026, the Company appointed Dustin Zinger, Ivan Riabov and Alex Heath to its Board of Directors. The new directors bring experience across digital infrastructure, capital markets and blockchain ecosystem development, supporting the Company's next phase of growth. At the same time, Mark Binns had resigned from the Board of Directors.

Business Objectives and Milestones

Over the next twelve months, the Company intends to focus on building long-term value by deepening its position in the Sonic blockchain ecosystem and expanding its infrastructure capabilities. The Company plans to continue accumulating Sonic tokens as market conditions permit, while maintaining a disciplined treasury management strategy to strengthen its balance sheet and support future growth. Validator operations will remain a central pillar, with an emphasis on expanding delegated token participation, enhancing reliability, and introducing services tailored to institutional partners.

In parallel, the Company will actively pursue opportunities within decentralized finance, seeking to deploy treasury assets across yield-bearing strategies in a way that balances returns with prudent risk management. Strengthening trading liquidity and broadening market visibility will also be priorities, supported by ongoing market-making programs and an increased presence in both investor and industry-facing events.

The Company intends to deepen its engagement with the broader Sonic ecosystem by collaborating with incubators, strategic partners, and emerging projects that demonstrate strong growth potential. To support this expansion, the Company will evaluate potential acquisitions of validator nodes or complementary infrastructure, while continuing to scale its internal capabilities through selective team growth.

Finally, the Company will maintain a strong focus on transparency and investor communication by providing regular updates on progress toward its strategic initiatives. Through these efforts, the Company aims to position itself in the Sonic ecosystem, drive sustainable growth, and deliver long-term shareholder value.

Management expects validator operations and delegated balances to continue to grow through the remainder of 2026, with revenue increasingly driven by network participation levels and treasury deployment strategies. Market conditions, token price volatility, and regulatory developments may impact the pace of expansion.

The Company's ability to achieve these milestones is dependent on market conditions within the Sonic ecosystem, availability of capital, and continued network participation by institutional delegators.

Overall Financial Performance

During the year, the Company undertook significant steps to reposition its business and strengthen its financial condition. The Company completed the divestiture of its legacy operations, thereby eliminating costs and obligations associated with non-core activities. This strategic realignment allowed management to focus exclusively on the newly acquired digital asset infrastructure business. The acquisition of SonicStrategy marked a major transition in the Company's direction. The integration of SonicStrategy brings expertise in staking, validator infrastructure, and digital treasury management. To support this new business model, the Company successfully raised substantial capital from private placements of $6,506,904 ($9,502,761 CAD), improving its liquidity and overall balance sheet strength.

As a result of the Company's transformation into a blockchain-infrastructure business and the associated digital-asset transactions completed during the year, the Company reported a cash balance of $101,216 and a USDC balance of $281,323 at December 31, 2025, providing liquidity to fund near-term operations and strategic initiatives (December 31, 2024 – cash balance of $923). Shareholders' equity was $1,802,034 (2024 – deficit of $2,005,554), reflecting the capital raised, the contribution of Sonic tokens and the realignment of the Company's asset base.

Total assets increased to $12,261,769 as at December 31, 2025 from $2,343,414 as at December 31, 2024. The increase was driven primarily by the recognition of 126,622,349 Sonic tokens contributed in connection with the Sonic Labs convertible debenture, the acquisition of 3.71 BTC (carrying amount $324,792) and USDC, and the growth in other digital-asset positions including aSonsT$ generated through the Aave lending strategy (carrying amount $593,092).

(Expressed in US Dollars)

The composition of the balance sheet now reflects the Company's blockchain-infrastructure operating model, with digital assets forming a significant portion of non-current assets. These include Sonic token holdings of $10,028,424, Bitcoin of $324,792, Sonic vesting right of $31,904 and $593,092 in aSonsT$, representing the Company's on-chain supplied position within the Aave supply/borrow loop. On the liability side, the Sonic Labs convertible debenture is recorded at $9,349,847 as a non-current liability, consistent with its contractual maturity and IFRS 9 classification; under the agreement, the debenture will be settled at maturity either through conversion into common shares or settlement in Sonic tokens. The Aave variable-debt S borrowing of $425,264 is presented as a current liability and is economically linked to the aSonsT$ asset, with both legs intended to be closed on-chain without the use of cash.

The Company also undertook meaningful changes in its leadership team to align with its new strategic focus. A refreshed management team brings deep experience in blockchain, digital assets, and capital markets, providing the expertise required to scale the business and execute its long-term vision.

Discussion of Operations - Current Quarter

For the three months ended	December 31, 2025	December 31, 2024
Revenue		
Staking revenue	$ 268,477	$ -
Expenses		
Management fees	75,566	-
Director fees	26,249	-
Consulting fees	83,704	-
Investor relations consulting fees	125,784	-
Public company expenses	29,077	-
Professional fees	283,044	-
General and administrative	2,544	-
Travel	36,105	-
Interest and accretion	28,839	-
Foreign exchange gain	(19,000)	-
Share-based compensation	268,569	-
Net loss from operations	**$ (672,003)**	**$ -**
Other income (loss)		
Impairment of intangible assets	(86,598)	-
Impairment of goodwill	(2,854,309)	-
Bad debt expense	(17,920)	-
Loss on settlement of debt with share issuance	(828,876)	-
Realized loss on digital currencies - intangible assets	(63,658)	-
Revaluation loss on digital currencies - intangible assets	(23,417,827)	-
Revaluation gain on digital currencies - financial liabilities	21,813,760	-
Net loss before discontinued operations	**$ (6,127,431)**	**$ -**
Discontinued operations - gain on disposition of legacy business	-	-
Discontinued operations - loss from legacy business	-	(416,749)
Net loss for the period	**$ (6,127,431)**	**$ (416,749)**
Other comprehensive income (loss)		
Revaluation of digital currencies – intangible assets	(35,157)	-
Foreign currency translation adjustment (CTA)	81,587	(7,000)
Comprehensive loss for the period	**$ (6,081,001)**	**$ (423,749)**

The quarter ended December 31, 2025 represents the Company's second full quarter following the complete divestiture of the legacy Spetz app business. The Company's operations consist entirely of digital-asset infrastructure, staking, and validator-based activities. Accordingly, management has focused its analysis on current-period performance and key drivers of the continuing business.

Management has therefore focused its analysis on:

- Current-year performance of the continuing blockchain business;
- Description of discontinued operations separately; and
- Key drivers, non-cash items, and liquidity impacts relevant to the ongoing business.

Revenue of $268,477 for the three months ended December 31, 2025 was primarily derived from staking rewards earned on Sonic tokens delegated to the Company's validator infrastructure. During the quarter, the Company fully utilized both of its validators on the Sonic network, which now form the core of the Company's revenue-generating operations. As both validators were actively securing the network during the quarter, the Company recorded staking rewards from two independent validator nodes, and management expects revenue contributions from these validators to increase as delegated balances and network activity continue to scale. In addition to validator rewards, the Company generated a smaller amount of revenue from participation in certain DeFi strategies within the Sonic ecosystem, which provided incremental yield on undelegated token balances. Staking revenue is influenced by delegated token balances, validator uptime, network emission rates, and the market performance of the Sonic ecosystem.

Operating expenses for the three months ended December 31, 2025 totaled $672,003, reflecting the Company's transition into a blockchain-infrastructure and digital-asset business and the associated costs of establishing its validator, governance, capital-markets and promotional activities. As comparative figures from the prior-year quarter relate to the legacy Spetz application business and have been reclassified to discontinued operations, quarter-over-quarter comparisons are not meaningful. However, management has discussed the variance with the previous quarter of the current year.

The key components of continuing operations expenses in Q4 2025 were as follows:

- Management fees of $75,566 represent compensation for the Company's Chief Executive Officer and Chief Financial Officer. These costs reflect executive leadership associated with the Company's transition and ongoing strategic development within the Sonic ecosystem. Management fees decreased slightly from the previous quarter (Q3 - $83,582) due to the change in management leading to the lower monthly CEO fees.

- Director fees of $26,249 relate to compensation paid to members of the Board of Directors for governance oversight and committee responsibilities. Director fees increased from the previous quarter (Q3 - $13,817) due to the previous CEO stepping down and becoming an executive chairman, leading to the additional director fees.

- Consulting fees of $83,704 include amounts paid to the Company's external consultants, operational advisors and strategic partners engaged to support the development of the Company's validator operations, blockchain infrastructure initiatives and corporate strategy. Consulting fees decreased from the previous quarter (Q3 - $128,000) due to the Company exercising prudent cost management approach and only focusing on the most essential costs.

- Investor relations consulting fees of $125,784 reflect the Company's marketing and public-awareness initiatives undertaken during the quarter. Following the Company's change in business, management invested in expanding investor engagement and visibility through multiple marketing and investor-relations service providers, consistent with its capital-markets strategy. Investor relations consulting fees decreased significantly from the previous quarter (Q3 - $436,587) due to the lower need to promote the Company's stock in the current quarter.

- Public company expenses of $29,077 consist of routine public-company compliance costs, including transfer agency fees, stock-exchange fees and other regulatory costs. These expenses are recurring in nature and not expected to fluctuate significantly between quarters. This expense category has been relatively consistent with the previous quarter (Q3 - $31,641).

- Professional fees of $283,044 include legal, audit and accounting fees. Significant legal costs in the quarter were incurred due to transition-related matters, regulatory filings and other corporate initiatives. Professional fees increased significantly from the previous quarter (Q3 - $51,603) due to the higher legal fees incurred in relation the various initiatives undertaken by the Company, including its name and symbol change and filing of the various forms with the regulators and the stock exchange. The Company also incurred additional audit fees in relation to the legacy business audit procedures.

- General and administrative expenses of $2,544 represent routine office and administrative costs. This expense category has declined significantly from the previous quarter (Q3 - $12,178) due to the Company exercising prudent cost management approach and only focusing on the most essential costs.

- Travel expenses of $36,105 were elevated during the quarter, reflecting increased travel by management, consultants and strategic partners in connection with business development, promotional activities and ecosystem engagement related to the Company's growth strategy. However, travel expenses have decreased compared to the previous quarter ($61,112) due to the relative decline in travel needs.

- Interest and accretion of $28,839 relates primarily to the accretion and accrued interest from the Company's convertible debentures and other financing instruments. The amount incurred has decreased compared to the previous quarter (Q3 - $33,445) and is due to a number of convertible debenture holders converting their positions into shares earlier in the year.

- Foreign exchange gain of $19,000 reflects the impact of changes in the U.S. dollar relative to currencies used for certain expenses and digital-asset transactions in addition to a number of reclassifications made from foreign exchange account into the other P&L accounts.

- Share-based compensation totaled $268,569, driven by significant equity-based awards issued during the year. During 2025, the Company issued 4,950,000 stock options across three grant dates - June 5, 2025, August 7, 2025, and September 4, 2025 - with an aggregate grant-date fair value of $4,828,597 CAD. The amount recognized during the quarter represents the vested portion of these awards in accordance with IFRS 2. On December 16, 2025, the Company cancelled 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.

The key components of other income (loss) in Q4 2025 were as follows:

- Impairment of intangible assets totaled $86,598 (Q3 - $nil) and represents the impairment taken to the value of Sonic Airdrop vesting rights. The impairment was necessary due to the decline in the price of S tokens during the quarter therefore affecting the recoverable amount.

- Impairment of goodwill of $2,854,309 (Q3 - $nil) was recorded in the current quarter due to the Company identifying 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.

(Expressed in US Dollars)

- Bad debt expense in the amount of $17,920 (Q3 - $nil) was recorded due to the write-off of an unrecoverable receivable.

- Loss on settlement of debt with share issuance of $828,876 (Q3 - $nil) was recorded due to the adjustment to account for the difference between the fair value of the shares issued in January 2025 and the carrying amount of the liabilities extinguished.

- Realized loss of $63,658 (Q3 - $nil) was recorded in the current quarter due to the losses realized upon the Company exiting a number of DeFi strategies in addition to the sale of S tokens to cover certain expenses earlier in the year.

- Revaluation loss on digital currencies - intangible assets of $23,417,827 reflects the fair-value remeasurement of digital-asset holdings classified as intangible assets (Sonic, Bitcoin and aSonsT$ from Aave Loop). This non-cash charge is primarily due to price volatility of Sonic tokens during the quarter.

- Revaluation gain on digital currencies - financial liabilities of $21,813,760 reflects the fair-value remeasurement of Sonic Labs convertible debenture and Sonic tokens borrowed (Aave Loop). This non-cash item is primarily due to price volatility of Sonic tokens during the quarter.

- Other comprehensive income of $35,157 was reversed in the current quarter and represents the unrealized loss on Bitcoin taken in the current quarter which has reduced the previous gain booked in OCI to zero.

Discussion of Operations – Fiscal Year 2025

For the year ended	December 31, 2025	December 31, 2024
Revenue		
Staking revenue	$ 356,106	$ -
Expenses		
Management fees	271,691	-
Director fees	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	61,243	-
Foreign exchange loss	2,335	-
Share-based compensation	1,265,971	-
Net loss from operations	**$ (2,942,093)**	**$ -**
Other income (loss)		
Impairment of intangible assets	(86,598)	-
Impairment of goodwill	(2,854,309)	-
Bad debt expense	(17,920)	-
Loss on settlement of debt with share issuance	(828,876)	
Realized loss on digital currencies - intangible assets	(63,658)	-
Revaluation loss on digital currencies - intangible assets	(32,515,974)	-
Revaluation gain on digital currencies - financial liabilities	29,875,520	-
Net loss before discontinued operations	**$ (9,433,908)**	**$ -**
Discontinued operations - gain on disposition of legacy business	967,876	-
Discontinued operations - loss from legacy business	(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	-	-
Foreign currency translation adjustment (CTA)	45,265	(46,000)
Comprehensive loss for the year	**$ (8,771,207)**	**$ (1,541,749)**

The year ended December 31, 2025 reflects a transitional year for the Company following its transformation from a service marketplace operator to a blockchain-infrastructure and digital-asset company. Effective June 1, 2025, the Company completed the sale of its legacy Spetz app business. As a result, all financial results related to the former business have been presented as discontinued operations in accordance with IFRS 5. Only the results of the Company's new continuing operations - comprising digital-asset infrastructure, staking income and validator-based activities - are included within income (loss) from continuing operations for the year.

Given this fundamental change in business, comparative information for the year ended December 31, 2024 is not meaningful. The prior-year year reflects an entirely different operating model, cost structure, revenue profile, asset base and strategic direction, and does not include any contribution from the Company's current blockchain-focused operations. Accordingly, management's analysis for the nine-month year focuses on:

- Performance and scaling of the Company's continuing digital-asset infrastructure and validator operations;
- Separate presentation and impact of the discontinued legacy business for the year up to its disposition;
- Key non-cash items, valuation impacts and liquidity considerations relevant to the new business model.

This approach provides a more accurate reflection of the Company's current financial performance and its ongoing operations, and highlights that prior-year comparative figures should not be used as a basis for assessing trends or performance of the Company's continuing business.

Revenue of $356,106 for the year ended December 31, 2025 was primarily derived from staking rewards earned on Sonic tokens delegated to the Company's validator infrastructure. During the year, the Company fully utilized both of its institutional-grade validators on the Sonic network, which now form the core of the Company's revenue-generating operations. As both validators were actively securing the network, the Company recorded staking rewards from two independent validator nodes, and management expects revenue contributions from these validators to increase as delegated balances and network activity continue to scale. In addition to validator rewards, the Company generated a smaller amount of revenue from participation in certain DeFi strategies within the Sonic ecosystem, which provided incremental yield on undelegated token balances. Staking revenue is influenced by delegated token balances, validator uptime, network emission rates, and the market performance of the Sonic ecosystem.

Operating expenses for the year ended December 31, 2025 totaled $2,942,093, reflecting the Company's transition into a blockchain-infrastructure and digital-asset business and the associated costs of establishing its validator, governance, capital-markets and promotional activities. As comparative figures from the prior-year relate to the legacy Spetz application business and have been reclassified to discontinued operations, year-over-year comparisons are not meaningful.

The key components of continuing operations expenses in 2025 were as follows:

- Management fees of $271,691 represent compensation for the Company's Chief Executive Officer and Chief Financial Officer. These costs reflect executive leadership associated with the Company's transition and ongoing strategic development within the Sonic ecosystem.

- Director fees of $52,196 relate to compensation paid to members of the Board of Directors for governance oversight and committee responsibilities.

- Consulting fees of $249,946 include amounts paid to the Company's external consultants, operational advisors and strategic partners engaged to support the development of the Company's validator operations, blockchain infrastructure initiatives and corporate strategy.

- Investor relations consulting fees of $608,472 reflect the Company's marketing and public-awareness initiatives undertaken during the quarter. Following the Company's change in business, management invested in expanding investor engagement and visibility through multiple marketing and investor-relations service providers, consistent with its capital-markets strategy.

- Public company expenses of $113,789 consist of routine public-company compliance costs, including transfer agency fees, stock-exchange fees and other regulatory costs. These expenses are recurring in nature.

- Professional fees of $450,948 include legal, audit and accounting fees. Significant legal costs during the year were incurred due to transition-related matters, regulatory filings and other corporate initiatives.

- General and administrative expenses of $18,932 represent routine office and administrative costs.

- Travel expenses of $112,676 were elevated during the year, reflecting increased travel by management, consultants and strategic partners in connection with business development, promotional activities and ecosystem engagement related to the Company's accelerated growth strategy.

- Interest and accretion of $61,243 relates primarily to the accretion and accrued interest from the Company's convertible debentures and other financing instruments. The amount incurred during the year is net of the amount forgiven by the holders of the legacy convertible debentures.

- Foreign exchange loss of $2,335 reflects the impact of changes in the U.S. dollar relative to currencies used for certain expenses and digital-asset transactions in addition to a number of reclassifications made from foreign exchange account into the other P&L accounts.

- Share-based compensation totaled $1,265,971, driven by significant equity-based awards issued during the year. During 2025, the Company issued 4,950,000 stock options across three grant dates - June 5, 2025, August 7, 2025, and September 4, 2025 - with an aggregate grant-date fair value of $4,828,597 CAD. The amount recognized during the quarter represents the vested portion of these awards in accordance with IFRS 2. On December 16, 2025, the Company cancelled 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.

The key components of other income (loss) in 2025 were as follows:

- Impairment of intangible assets totaled $86,598 and represents the impairment taken to the value of Sonic Airdrop vesting rights. The impairment was necessary due to the decline in the price of S tokens therefore affecting the recoverable amount.

- Impairment of goodwill of $2,854,309 was recorded due to the Company identifying 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.

- Bad debt expense in the amount of $17,920 was recorded due to the write-off of an unrecoverable receivable.

(Expressed in US Dollars)

- Loss on settlement of debt with share issuance of $828,876 was recorded due to the adjustment to account for the difference between the fair value of the shares issued in January 2025 and the carrying amount of the liabilities extinguished.

- Realized loss of $63,658 was recorded in the current quarter due to the losses realized upon the Company exiting a number of DeFi strategies in addition to the sale of S tokens to cover certain expenses earlier in the year.

- Revaluation loss on digital currencies - intangible assets of $32,515,974 reflects the fair-value remeasurement of digital-asset holdings classified as intangible assets (Sonic, Bitcoin and aSonsT$ from Aave Loop). This non-cash charge is primarily due to price volatility of Sonic tokens during the year.

- Revaluation gain on digital currencies - financial liabilities of $29,875,520 reflects the fair-value remeasurement of Sonic Labs convertible debenture and Sonic tokens borrowed (Aave Loop). This non-cash item is primarily due to price volatility of Sonic tokens during the year.

Because the legacy Spetz app business was fully disposed of on June 1, 2025, all results of the former business - revenue, operating costs and disposition gains or losses - are presented separately under discontinued operations. As a result, the 2025 financial results presented above represent only the Company's continuing digital-asset infrastructure operations and cannot be compared to the prior-year year.

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)**

The Company completed the sale of its legacy Spetz application business on June 1, 2025. As required under IFRS 5, the results of the legacy business for all comparative and current years up to the date of disposal have been presented as discontinued operations. The continuing operations discussed elsewhere in this MD&A therefore reflect only the Company's blockchain-infrastructure and validator activities.

Following the change in business completed in June 2025, the discontinued operations no longer influence the Company's financial performance, liquidity, or strategic direction. These results are presented solely to comply with the financial reporting requirements for operations that have been disposed of. Management's analysis and forward-looking considerations relate exclusively to the Company's continuing blockchain-infrastructure and digital-asset operations, and the legacy business does not have any further impact on the Company's operations, assets, or cash flows.

For the year ended December 31, 2025, the discontinued operations include:

- the operating results of the legacy business from January 1 to June 1, 2025 (the date of disposal)
- the gain on disposal of $967,876
- amortization of intangible assets associated with the legacy business prior to the sale
- outgoing CEO compensation that was recognized in the parent company but relates to the legacy business

For the year ended December 31, 2024, the Spetz application business generated revenue of $1,662,000, primarily from Israel and Australia, with operations supported by payroll and related expenses, communication infrastructure costs, subcontractors, and promotional marketing activities. The business incurred a net loss of $1,495,749, reflecting its cost structure and competitive environment prior to the sale.

Summary of Quarterly Results

The selected financial information is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Amounts are expressed in US dollars, except for loss per share, which is rounded to the nearest cent.

	12/31/25	9/30/25	6/30/25	3/31/25	12/31/24	9/30/24	6/30/24	3/31/24
Total Assets	$ 12,261,769	$ 41,070,363	$ 9,047,000	$ 6,080,000	$ 2,343,414	$ 2,669,000	$ 2,798,000	$ 2,978,000
Total Revenue	$ 268,477	$ 85,913	$ 228,000	$ 381,000	$ 318,000	$ 328,000	$ 473,000	$ 543,000
Net Loss	$ (6,127,431)	$ (2,097,166)	$ (400,000)	$ (188,000)	$ (417,000)	$ (327,000)	$ (334,000)	$ (418,000)
Net Loss per Share	$ (0.16)	$ (0.04)	$ (0.02)	$ (0.01)	$ (0.08)	$ (0.06)	$ (0.06)	$ (0.08)

The quarterly information presented above reflects both continuing and discontinued operations, in accordance with IFRS. The Company completed the sale of its legacy Spetz application business on June 1, 2025. As a result, years prior to Q3 2025 include the operating results of the legacy business and are therefore not comparable to subsequent years, which reflect only the Company's blockchain-infrastructure and validator operations. Management cautions that prior-year quarterly trends are not indicative of the expected performance of the Company's continuing operations.

Net loss per share includes the impact of discontinued operations, non-cash revaluation adjustments related to digital assets, and share-based compensation. As such, sequential variances should be interpreted in the context of the Company's transition to its new business model.

The Company's operations for the three months ended December 31, 2025 produced a loss of $6,127,431 compared to a loss of $2,097,166 in the previous quarter. The increase in loss of $4,030,265 in the quarter is mostly driven by the Company incurring a goodwill impairment of $2,854,309 and a loss on settlement of debt with share issuance of $828,876, in addition to a further unrealized loss on its digital assets cause mainly by the decline in the price S tokens.

Liquidity and Capital Resources

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and
- to maximize shareholder return through enhancing share value

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its operations. Information is provided to the Board of Directors of the Company. The Company is not subject to externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended December 31, 2025.

As at the date of this MD&A, the Company has sufficient liquidity to meet near-term obligations; however, additional financing may be required to fund operations over the next 12 months.

The Company manages its capital structure in a manner consistent with the capital management policies and disclosures included in the consolidated financial statements for the year ended December 31, 2025. Management's objectives are to maintain financial flexibility, support the Company's validator and digital-asset infrastructure growth strategy, and ensure adequate liquidity to fund ongoing operations. There were no changes to the Company's capital management policies during the year.

Share Capital

As of December 31, 2025, the Company had 49,620,466 common shares issued and outstanding. In addition, there were 2,960,000 stock options, 95,035 RSUs and 11,521,865 warrants outstanding.

Events Occurring after the Reporting Date

None.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions Between Related Parties

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 nine months ended December 31, 2025 and 2024:

(Expressed in US Dollars)

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 (Mitchell Demter) - 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 US$40,000,000 in exchange for 126,622,349 Sonic tokens 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.

Critical Accounting Estimates and Changes in Accounting Policy

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Following the Company's change of business and the sale of its legacy Spetz application operations on June 1, 2025, a number of new accounting policies, judgments and estimates became relevant to the Company's financial reporting. These primarily relate to the recognition and measurement of digital assets, staking and validator revenues, DeFi-related positions, and the Sonic Labs convertible debenture. The most significant estimates and judgments include:

• determining the fair value of digital assets classified as intangible assets under the IAS 38 revaluation model;
• the classification and fair-value measurement of the Sonic Labs convertible debenture under IFRS 9;
• valuation techniques and fair-value hierarchy assessments under IFRS 13;
• the measurement of share-based compensation for option grants under IFRS 2; and
• the presentation of discontinued operations under IFRS 5 following the divestiture of the legacy business.

Following the acquisition of SonicStrategy on March 17, 2025, goodwill is allocated to a single cash-generating unit ("CGU") reflecting the Company's blockchain-infrastructure operations. In accordance with IAS 36, the Company performed an impairment assessment as at December 31, 2025 using a value-in-use model based on discounted cash flows. Management concluded that impairment was required for the year.

A complete description of the Company's accounting policies, significant judgments and estimates is provided in Notes 2 and 3 of the consolidated financial statements for the year ended December 31, 2025, which supersede certain policies disclosed in the audited consolidated financial statements for the year ended December 31, 2024. No new IFRS standards adopted on January 1, 2025 had a material impact on the Company's financial statements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, 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 classified as intangible assets under IAS 38 and are not financial instruments; however, because they are measured at fair value, they are included in the fair-value hierarchy disclosures in accordance with IFRS 13. The classification and measurement of these instruments and intangible assets - including the FVTPL measurement of the convertible debenture and the amortized-cost classification of Aave borrowings - are described in detail in Notes 2 and 3 of the consolidated financial statements for the year ended December 31, 2025.

The Sonic Labs convertible debenture involves significant judgment due to its non-standard settlement provisions (settlement in a variable number of Sonic tokens), the issuer-controlled conversion option, and its valuation dependency on the fair value of Sonic tokens. Other than the addition of these instruments arising from the Company's change in business, there have been no changes to the Company's accounting for financial instruments from the policies disclosed in the audited consolidated financial statements for the year ended December 31, 2024.

Financial Risk Factors

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: 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.

(Expressed in US Dollars)

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

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.

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.

Risks and Uncertainties

Need for Additional Financing

The Company's ability to grow and expand depends on obtaining sufficient funding. There can be no assurance that additional financing will be available when required or on terms that are favourable. Failure to raise capital could delay or restrict the Company's ability to develop its operations. Any financing that is secured through equity issuance will likely dilute existing shareholders.

Integration and Execution Risk

The Company is pursuing new business initiatives, including expansion of its staking and infrastructure services. Successful execution depends on integration of these initiatives into its broader operations, the timely achievement of development milestones, and adoption by the market. Delays or failure to execute effectively could adversely affect growth.

Market and Digital Asset Volatility

The Company's revenues and financial condition are closely linked to digital asset markets. Demand for staking services, token values, and network usage can fluctuate significantly. The Company also holds treasury assets, including digital assets, which are subject to valuation swings, liquidity constraints, and security risks.

Digital Asset Custody and Operational Risk

The Company holds digital assets in self-custody wallets and with third-party custodians/exchanges. Digital assets are subject to risks including loss of private keys, cybersecurity breaches, smart-contract vulnerabilities, exchange insolvency events, and protocol-level failures. Any such events could result in a partial or total loss of assets.

Regulatory and Compliance Uncertainty

The Company operates in a rapidly evolving regulatory environment. Changes in laws or uncertainty regarding their application to digital assets, staking activities, or blockchain services could materially impact operations, financial results, or business strategy.

Dependence on Key Personnel

The Company's success is dependent on the continued efforts and expertise of a small number of key individuals. The loss of any of these individuals could have a material adverse effect on the Company. Recruiting and retaining qualified personnel is critical to ongoing operations.

Competitive Conditions

The market for digital asset infrastructure and staking services is competitive and rapidly changing. Competitors may have greater resources, stronger networks, or broader service offerings. The Company's ability to compete depends on factors including service quality, reliability, fees, reputation, and client relationships.

Intellectual Property and Proprietary Information

The Company's growth depends on protecting its proprietary systems, processes, and intellectual property. There can be no assurance that these rights can be adequately protected or that others will not develop similar or superior technologies. Any loss of control over proprietary information or infringement disputes could negatively impact the business.

General Economic and Market Conditions

Global economic and geopolitical events, including inflation, interest rate changes, and political instability, can affect client spending, digital asset markets, and overall financial performance. Years of volatility or reduced liquidity may have a material adverse effect on the Company.

Potential Dilution

The issuance of securities upon the exercise of outstanding options, warrants, or other convertible instruments, as well as potential future equity financings, may result in dilution of shareholders' ownership.

Management's Responsibility for Financial Information

The Company's consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with International Financial Reporting Standards (IFRS). The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws (forward-looking information being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this MD&A. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", "is expected", "anticipates", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases (including negative and grammatical variations, or stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this MD&A; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; anticipated developments in operations of the Company; the timing and amount of funding required to execute the Company's business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future years; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: operational risks; regulation; evolving markets; industry growth; uncertainty of new business models; speed of introduction of products to the marketplace; undetected flaws; risks of operation in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; reliance on management and key employees; management of growth; risk associated with foreign operations; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; reliance on components and raw materials; change in technology; quality of products; maintenance of technology infrastructure; privacy protection; product defects; legal proceedings; reliance on business partners; protection of intellectual property rights; infringement by the Company of intellectual property rights; resale of shares; market for securities; dividends; and global financial conditions.

The lists of risk factors set out in this MD&A or in the Company's other public disclosure documents are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, the global financial and credit markets have experienced significant debt and equity market and commodity price volatility which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securities holders should not place undue reliance on forward-looking statements.

Additional Information

Additional information relating to the Company is available on its website www.sonicstrategy.io or on www.sedarplus.ca.