SATO Technologies Corp.

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025

(expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the three months ended March 31, 2026 and 2025 .

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

SATO Technologies Corp.

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2026 and December 31, 2025
(In Canadian dollars)

As at,		March 31, 2026 Unaudited $	December 31,2025 Audited $
Assets			
Current assets			
Cash		973,871	123,677
Trades and other receivables	(Note 4)	212,105	229,601
Digital assets	(Note 5)	39,685	37,435
Restricted digital assets	(Note 5)	596,174	792,392
Prepaid expenses		312,446	438,484
		2,134,281	1,621,589
Deposits	(Note 6)	432,486	432,486
Property and equipment	(Note 8)	6,191,687	6,493,784
Right-of-use assets	(Note 7)	1,733,726	1,789,653
Total assets		10,492,180	10,337,512
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	(Note 9)	820,773	789,603
Current portion of borrowings	(Note 10)	3,161,351	3,061,409
Current portion of lease liability	(Note 7)	256,546	261,847
		4,238,670	4,112,859
Non-current liabilities			
Convertible debentures	(Note 11)	260,402	-
Lease liability	(Note 7)	1,982,489	2,016,743
Total liabilities		6,481,561	6,129,602
Shareholders' Equity			
Share capital	(Note 12)	15,655,582	14,643,692
Contributed surplus		4,083,124	3,979,379
Digital currency revaluation reserve		213,653	259,268
Accumulated deficit		(15,941,740)	(14,674,429)
Total shareholders' equity		4,010,619	4,207,910
Total liabilities and shareholders' equity		10,492,180	10,337,512

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

Approved on behalf of the Board:

"Romain Nouzareth"
Chair of the Board and CEO

"Frank Di Tomaso"
Director

SATO Technologies Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2026 and 2025
(In Canadian dollars)
(Unaudited)

		Three months ended March 31, 2026	2025
		$	$
Revenue			
Digital assets earned	(Note 5)	1,346,265	2,954,594
Other		5,280	5,280
Total Revenue		**1,351,545**	**2,959,874**
Cost of Operations			
Site operating costs		1,508,743	2,082,645
Salary and benefits		39,695	36,284
Depreciation and amortization	(Notes 7 and 8)	368,553	542,548
		1,916,991	2,661,477
Gross (loss) profit		**(565,446)**	**298,397**
Loss on use of digital assets	(Note 5)	(118,015)	(7,249)
Unrealized loss on revaluation of digital assets	(Note 5)	-	(72,554)
		(683,461)	**218,594**
Expenses			
Share based payments	(Note 12)	22,079	99,547
General and administration	(Note 13)	380,411	669,914
Total expenses		402,490	769,461
Operating loss		**(1,085,951)**	**(550,867)**
Other Items			
Foreign exchange loss		997	6,728
Unrealized foreign exchange loss		36,967	119,187
Finance expense	(Notes 10 and 11)	143,396	208,660
Total other items		181,360	334,575
Net loss		**(1,267,311)**	**(885,442)**
Other comprehensive loss			
Items that will not be reclassified to net (loss)			
Revaluation of digital asset, net of tax	(Note 5)	(45,615)	(283,681)
Total comprehensive loss		**(1,312,926)**	**(1,169,123)**
Basic and diluted net loss per share		(0.02)	(0.01)

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

SATO Technologies Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2026 and 2025
(In Canadian dollars)
(Unaudited)

	Number of shares	Share capital	Contributed surplus	Digital asset revaluation reserve	Accumulated deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2024	73,277,683	14,643,659	3,713,716	283,681	(10,301,188)	8,339,868
Net loss for the period	-	-	-	-	(885,442)	(885,442)
Stock-based compensation expense (Note 12)	-	-	99,547	-	-	99,547
Revaluation of digital assets, net of tax	-	-	-	(283,681)	-	(283,681)
Balance, March 31, 2025	73,277,683	14,643,659	3,813,263	-	(11,186,630)	7,270,292
Balance, December 31, 2025	73,277,780	14,643,692	3,979,379	259,268	(14,674,429)	4,207,910
Net loss for the period	-	-	-	-	(1,267,311)	(1,267,311)
Private placement (Note 12)	16,238,025	1,035,174	-	-	-	1,035,174
Share issuance cost (Note 12)	-	(57,389)	7,763	-	-	(49,626)
Issuance of convertible debentures and warrants (Note 12)	-	-	73,903	-	-	73,903
Debt settlement (Note 12)	534,980	34,105	-	-	-	34,105
Revaluation of digital assets, net of tax	-	-	-	(45,615)	-	(45,615)
Stock-based compensation expense	-	-	22,079	-	-	22,079
Balance, March 31, 2026	**90,050,785**	**15,655,582**	**4,083,124**	**213,653**	**(15,941,740)**	**4,010,619**

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

SATO Technologies Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2026 and 2025
(In Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2026	**2025**
	$	**$**
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**(1,267,311)**	(885,442)
Items not affecting operating cash:		
Digital asset mined	**(1,346,265)**	(2,954,594)
Digital assets given as donations	**-**	9,844
Depreciation	**368,553**	542,548
Loss on use of digital assets	**118,015**	7,249
Revaluation of digital assets	**-**	72,554
Share based payments	**22,079**	99,547
Foreign exchange loss (gain)	**37,362**	(6,728)
Interest expense	**69,896**	67,716
Net cash used in operating activities	**(1,997,671)**	(3,047,306)
Change in working capital		
Trades and other receivables	**17,496**	(152,509)
Deposits and prepaid expenses	**126,038**	(108,151)
Accounts payable and accrued liabilities	**56,230**	(22,902)
Total change in operating working capital	**199,764**	(283,562)
Cash used in operating activities	**(1,797,907)**	(3,330,868)
INVESTING ACTIVITIES		
Change in restricted cash	**-**	32,956
Disposal of digital assets	**1,378,548**	4,226,170
Purchase of digital assets	**(1,945)**	(8,377)
Purchase of property, plant and equipment	**(10,529)**	-
Cash provided by investment activities	**1,366,074**	4,250,749
FINANCING ACTIVITIES		
Repayment of long term loan	**-**	(828,412)
Proceeds from private placement	**985,548**	-
Proceeds from convertible debenture	**340,000**	-
Proceeds from line of credit	**-**	21,703
Repayment of line of credit	**-**	(592,703)
Repayment of lease liabilities	**(103,428)**	(99,892)
Cash provided by (used in) financing activities	**1,222,120**	(1,499,304)
Change in cash	**790,287**	(579,423)
Effect of foreign exchange on cash	**59,907**	43,637
Cash, beginning of the period	**123,677**	658,488
Cash, end of the period	**973,871**	122,702
Interest paid	-	202,729
Non-cash Investing and Financing Activities		
Purchase of equipment with digital assets	-	20,144

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

1. INCORPORATION, BUSINESS ACTIVITIES AND GOING CONCERN

SATO Technologies Corp. (the "Company" or "SATO") was incorporated under the Ontario Business Corporations Act on May 7, 2008 as Capricorn Business Acquisitions Inc. ("Capricorn"). The Company's shares are listed for trading on the TSX Venture Exchange ("TSXV") on September 16, 2021. The Group's head office is located at 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6 and its only place of business is located at 289 Dugas Joliette, Québec, Canada, J6E 4H1.

The subsidiary Canada Computational Unlimited Inc. was incorporated under the Business Corporations Act of Québec on November 16, 2017. The Company carried on the business of Canada Computational Unlimited Inc. as a Tier 2 technology issuer under the symbol "SATO". SATO Corp., the Company's US based subsidiary was incorporated under the Delaware General Corporation Law on October 11, 2022. During the year ended December 31, 2025, the subsidiary Qritical AI Inc. was incorporated under the Business Corporations Act of Québec on June 23, 2025.

The Company and its subsidiaries ("the Group") are in the business of utilizing specialized equipment to solve complex computational problems to validate transactions on the bitcoin blockchain. The Group receives digital assets in return for computing power and is primarily engaged in the cryptocurrency mining industry, a highly volatile market with significant inherent risk. A significant decline in the market prices of cryptocurrencies, an increase in the difficulty of cryptocurrency mining, changes in the regulatory environment and adverse changes in other inherent risks can significantly and negatively impact the Group’s operations. In addition, adverse changes to the factors mentioned above may impact the carrying value of the Group’s property and equipment resulting in impairment charges being recorded. All the assets of the Group are located in Joliette, Quebec, Canada and there is one operating segment being a provider of compute power for Bitcoin Mining.

Going Concern

As at March 31, 2026, the Group had an accumulated deficit of $15,941,740 and $14,674,429 as at December 31, 2025. Net loss for the period ended March 31, 2026 was $1,267,311. The Group had a working capital deficiency of $2,104,389 as at March 31, 2026 and a working capital deficiency of $2,491,270 as at December 31, 2025. These conditions raise material uncertainties which may cast significant doubt as to whether the Group will be able to continue as a going concern.

These interim unaudited consolidated financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Group's ability to continue as a going concern depends on its ability to generate sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period.

Management has implemented in the past a series of measures to address this concern and will continue to do so if required to improve the Group’s financial position, including:

- Cost review initiatives: the Group has undertaken a comprehensive review of its cost structure and would implement possible measures to reduce its cost of operations and general and administration expenses.
- Equity financing: Management regularly monitors capital markets and considers opportunities presented to it for equity offerings, and believes, based on these offers and recent activity among other companies in the industry, that there are reasonable prospects for obtaining equity financing. During the three months ended March 31, 2026, the Company completed the financing as described in Note 12.

The Company reached an agreement during the year ended December 31, 2025 (the “Forbearance Agreement”), and also subsequent to March 31, 2026 (the “New Forbearance Agreement” as described in Note 17), pursuant to which its primary lender agreed to temporarily suspend principal and interest payments under its long-term loan facility for a grace period beginning November 2025 and ending September 30, 2026, subject to the Company meeting certain conditions. The arrangement was made to provide the Company with financial flexibility while management undertakes a strategic restructuring plan intended to improve liquidity and long-term operating performance.

1. INCORPORATION, BUSINESS ACTIVITIES AND GOING CONCERN (continued)

The agreement does not amend the total principal outstanding, interest rate, or maturity date of the facility. Management believes the grace period will provide sufficient time to complete the restructuring initiatives and improve the Company's ability to meet its obligations as they come due.

The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with sale of assets, issue of debt, and/or private placements of common stock, and restructuring loans. There is a risk that these measures will not be available on a timely basis or on terms acceptable to the Company.

As a result, these interim unaudited consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Group be unable to continue a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

Statement of compliance

These interim unaudited consolidated condensed financial statements, including comparatives, have been prepared in accordance with IAS 34 Interim financial reporting. These interim unaudited consolidated condensed financial statements of the Group were reviewed, approved and authorized for issue by the Board of Directors on May 28, 2026.

Basis of presentation

These condensed interim unaudited consolidated financial statements have been prepared on an accrual basis and under the historical cost basis, except for some financial instruments and some assets that have been measured at fair value.

Basis of consolidation

The condensed interim unaudited consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Canada Computational Unlimited Inc., Qritical AI Inc. and SATO Corp.

A subsidiary is an entity which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully condensed interim consolidated from the date on which control is acquired and de-consolidated from the date that control ceases.

The interim unaudited consolidated condensed financial statements of the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies. All intercompany transactions and balances are eliminated upon consolidation.

3. MATERIAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as those applied in the audited consolidated financial statements for the year ended December 31, 2025, as described in Note 3 thereto, and should be read in conjunction with those audited financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

The Group records revenue from contracts with customers in accordance with IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The core principle of this standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1 - Identifying the contract with and its customer;
Step 2 - Identifying the performance obligations in the contract;
Step 3 - Determining the transaction price, which is the total consideration provided by the customer;
Step 4 - Allocating the transaction price among the performance obligations in the contract based on their relative fair values; and
Step 5 - Recognizing revenue when (or as) the Group satisfies a performance obligation.

Digital assets earned

The Group has entered into arrangements, as amended from time to time, with mining pools operators and has undertaken the performance obligation of performing hash computations (i.e., hashrate) to the mining pools in exchange for non-cash consideration in the form of digital assets. The provision of computing power to mining pools is an output of the Group's ordinary activities. The Group has the right to decide the point in time and duration for which it will provide hash computation services to the mining pools. As a result, the Company's enforceable right to compensation only begins when, and continues as long as, the Company provides computing power to the mining pool operator. The contracts are terminable at any time by either party without substantive compensation to the other party for such termination. Upon termination, the mining pool operator (i.e., the customer) is required to pay the Group any amount due related to previously satisfied performance obligations. Therefore, the Group has determined that the duration of the contract is less than 24 hours and that the contract continuously renews throughout the day. The Company has determined that this renewal right is not a material right as the terms, conditions, and compensation amounts are at then market rates. There is no significant financing component in these transactions.

In exchange for providing computing power, which represents the Group's only performance obligation, the Group is entitled to non-cash consideration in the form of digital assets, calculated under a payout methods, depending on the mining pool. The payout method used by the mining pools in which the Group participated are the Full Pay Per Share ("FPPS"). This payout methods contain three components, (1) a fractional share of the fixed cryptocurrency award from the mining pool operator (referred to as a "block reward"), (2) transaction fees generated from (paid by) blockchain users to execute transactions and distributed (paid out) to individual miners by the mining pool operator, and (3) mining pool operating fees retained by the mining pool operator for operating the mining pool. The Company's total compensation is the sum of the Company's share of (1) block rewards and (2) transaction fees, less (3) mining pool operating fees:

(1) Block rewards earned by the Group are calculated by the mining pool operator based on the proportion of hashrate the Group contributed to the mining pool to the total network hashrate used in solving the current algorithm. The Group is entitled to its relative share of consideration even if a block is not successfully added to the blockchain by the mining pool.

(2) Transaction fees refer to the total fees paid by users of the network to execute transactions. Under FPPS, the Company is entitled to a pro-rata share of the total network transaction fees. The transaction fees paid out by the mining pool operator to the Group is based on the proportion of hashrate the Group contributed to the mining pool to the total network hashrate. The Group is entitled to its relative share of consideration even if a block is not successfully added to the blockchain by the mining pool.

(3) Mining pool operating fees are charged by the mining pool operator for operating the mining pool as set forth in a rate schedule to the mining pool contract. The mining pool operating fees reduce the total amount of compensation the Group receives and are only incurred to the extent that the Group has generated mining revenue pursuant to the mining pool operators' payout calculation.

3. MATERIAL ACCOUNTING POLICIES (continued)

Because the consideration to which the Group expects to be entitled for providing computing power is entirely variable (block rewards, transaction fees and pool operating fees), as well as being non-cash consideration, the Group assesses the estimated amount of the variable non-cash consideration to which it expects to be entitled for providing computing power at contract inception and subsequently, to determine when and to what extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty associated with the variable consideration is subsequently resolved. For each contract under the FPPS payout method, the Company recognizes the non-cash consideration on the same day that control of the contracted service transfers to the mining pool operator, which is the same day as the contract inception. The Group measures non-cash consideration at the cryptocurrency closing price of the day on the date of contract inception, as determined by the Company's principal market, which is Coinbase Prime.

Management considers the prices quoted on Coinbase Prime to be a Level 1 input under IFRS 13, Fair Value Measurement ("IFRS 13"). Any difference between the fair value of digital assets recorded upon receipt from selling hashrate activities and the actual realized price upon disposal are recorded as a gain or loss on disposition of digital assets.

Digital assets

Digital assets consist of Bitcoin and other cryptocurrencies. Digital assets meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the digital asset received is considered to be the cost of the digital assets. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Group revalues its digital assets at the end of each quarter. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income. Gains and losses on digital assets sold between revaluation dates are included in profit or loss.

Digital assets are measured at fair value using the quoted price on Coinbase Prime. The Group has determined Coinbase Prime as the most advantageous market due to its liquidity, market accessibility, and competitive transaction fees, as no principal market has been identified for the digital assets. The most advantageous market is defined as the market that maximizes the net proceeds from selling the asset, after considering transaction costs. Management considers this fair value measurement to be a Level 1 input under IFRS 13, as Coinbase Prime provides quoted prices directly observable in active markets for identical digital assets without adjustments.

Non-monetary transactions

Where the Group is settling with digital assets, a liability for the purchase of goods and services where the price was established in a quantity of digital assets, the difference between the liability's initial fair value of the quantity of digital assets settled and the fair value of the digital assets transferred is recognized as a gain or loss on settlement.

Convertible debenture

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income taxes
The Group applies the liability method of accounting for income taxes. Current tax expense is recognized based on the expected tax payable on the taxable income for the year, using the enacted tax rate at period end, adjusted for any amendments with regards to previous years.

Deferred income tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward. Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the underlying tax loss or deductible temporary differences can be utilized. Deferred tax liabilities are always recognized in full. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets and liabilities are recognized as a component of tax income or expense in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

The Group has earned bitcoin from the commercial activity of digital assets mining by using pools. The Group has followed the published Canada Revenue Agency (“CRA”) view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Digital assets are valued in accordance with Section 10 of the Income Tax Act. Revenue from bitcoin mining is included in taxable income when the bitcoin is earned from the pools. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Group differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these condensed interim unaudited consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the International Accounting Standards Board ("IASB"). None of these standards or amendments to existing standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group’s condensed interim unaudited consolidated financial statements except for the following:

IFRS 18 *Presentation and Disclosure in the Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaced IAS 1 *Presentation of Financial Statements*. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and provides more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes;
- the classification of all income and expenses within the statement of profit or loss in one of five categories;
- a new requirement to disclose performance measures defined by management;
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

(In Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

The publication of IFRS 18 results also in consequential amendments to other IFRS standards, including IAS 7 Statement of Cash Flows.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 will apply retrospectively with specific transitional provisions.

The Group is currently working to identify all impacts that the amendments will have on the primary financial statements and notes to the interim unaudited consolidated condensed financial statements.

Critical accounting judgements, estimates and assumptions
The preparation of these condensed unaudited interim consolidated financial statements in conformity with IFRS Accounting standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed unaudited interim consolidated financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These condensed unaudited interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed unaudited interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements
The judgements made by management in applying the accounting policies of the Group that have the most significant effect on these condensed interim consolidated financial statements are provided in the Company's annual audited consolidated financial statements for the year ended December 31, 2025 and remain unchanged from the year end other than judgements relating to convertible debentures as described below.

Convertible debentures
Significant judgment is required in accounting for the Company's convertible notes. Significant judgement is required in determining the fair value and allocation of convertible debentures to the liability and equity components.

Critical accounting estimates and assumptions
Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided in the Company's annual audited consolidated financial statements for the year ended December 31, 2025 and remain unchanged from the year end other than estimates relating to convertible debentures as described below. . Actual results may be substantially different.

Convertible debentures
Management relies on a number of estimates and assumptions, including the effective interest rate, volatility, maturity duration and any conversion rights and terms, in determining the fair value and allocation of convertible debentures to the liability and equity components.

4. TRADE AND RECEIVABLES

	March 31, 2026	December 31,2025
	$	$
Sales taxes receivable (i)	212,105	229,601
Total trade and other receivables	212,105	229,601

(In Canadian dollars)

5. DIGITAL ASSETS

The Group's holdings of digital assets consist of the following:

	For the three months ended March 31, 2026				
	$	Number of Bitcoin	$	Number of Other Digital assets	Total $
Balance, beginning of year	827,023	7	2,804	1	829,827
Digital assets earned	1,346,265	13	-	-	1,346,265
Digital assets purchased	1,945	-	-	-	1,945
Digital assets traded for cash	(1,375,827)	(13)	(2,721)	-	(1,378,548)
Loss on use of digital assets	(119,236)	-	1,221	-	(118,015)
Unrealized loss on revaluation of digital assets	(45,615)	-	-	-	(45,615)
Balance, end of period	**634,555**	**7**	**1,304**	**1**	**635,859**

	For the year ended December 31, 2025				
	$	Number of Bitcoin (rounded)	$	Number of Other Digital assets	Total $
Balance, beginning of year	4,551,495	34	5,369	1	4,556,864
Digital assets earned	11,643,475	82	-	-	11,643,475
Digital assets purchased	146,751	1	3,043	1	149,794
Digital assets traded for cash	(15,769,939)	(110)	(4,127)	-	(15,774,066)
Digital assets paid for services	(12,224)	-	-	-	(12,224)
Digital assets used to purchase equipment	(20,144)	-	-	-	(20,144)
Digital assets given as a donation	(9,844)	-	-	-	(9,844)
Gain on use of digital assets	320,385	-	-	-	320,385
Unrealized loss on revaluation of digital assets	(22,932)	-	(1,481)	-	(24,413)
Balance, end of year	**827,023**	**7**	**2,804**	**2**	**829,827**

	For the three months ended March 31, 2025				
	$	Number of Bitcoin	$	Number of Other Digital assets	Total $
Balance, beginning of year	4,551,495	34	5,369	1	4,556,864
Digital assets earned	2,954,594	22	-	-	2,954,594
Digital assets purchased	8,377	-	-	-	8,377
Digital assets traded for cash	(4,226,170)	(32)	-	-	(4,226,170)
Digital assets used to purchase equipment	(20,144)	-	-	-	(20,144)
Digital assets given as a donation	(9,844)	-	-	-	(9,844)
Loss on use of digital assets	(7,249)	-	-	-	(7,249)
Unrealized loss on revaluation of digital assets	(354,389)	-	(1,846)	-	(356,235)
Balance, end of period	**2,896,670**	**24**	**3,523**	**1**	**2,900,193**

(In Canadian dollars)

5. DIGITAL ASSETS (continued)

Digital assets held are re-evaluated each reporting period based on the fair market value for the price of Bitcoin and Other digital assets on the reporting period date. As of March 31, 2026, the price of Bitcoin was $94,050 ($US 68,233.) (December 31, 2025 - $121,140 ($US 88,263)).

For the period ended March 31, 2026, the Company recognized an unrealized revaluation loss of $45,615 on digital assets measured under the revaluation model. Of this amount, $Nil was recognized in net loss, to the extent that it reverses revaluation gains previously recognized in comprehensive income, resulting in a net OCI loss of $45,615.

For the three months ended March 31, 2025, the Company recognized an unrealized revaluation loss of $356,235 on digital assets measured under the revaluation model. Of this amount, $72,554 was recognized in net income, to the extent that it reverses revaluation gains previously recognized in comprehensive income, resulting in a net OCI loss of $283,681. The remaining $72,554 was recognized in profit and loss.

As at March 31, 2026, the Group had pledged 6 BTC (fair value: $596,174) as collateral for a long-term loan and a revolving line of credit agreement, compared to 7 BTC (fair value: $792,392) as at December 31, 2025. These digital assets are subject to contractual restrictions and cannot be transferred, sold, or otherwise used by the Group while the loan remains outstanding. Further details are provided in Note 10.

6. DEPOSITS

	March 31, 2026	December 31, 2025
	$	**$**
Deposits related to electricity supply under Electricity Supply Agreement (i)	417,486	417,486
Other deposits	15,000	15,000
Total non-current deposits	**432,486**	**432,486**

(i) Security deposit for current electricity usage.

7. LEASES

The Group leases its facility. The lease has an initial term of 5 years and a renewal option after that date. The lease does not specify any restrictions and the leased property cannot be used to secure loans. The right-of-use assets and lease liabilities recognized by the Group relates to facilities.

Right-of-use assets	March 31, 2026	December 31, 2025
	$	**$**
Balance as at January 1st	1,789,653	2,013,361
Depreciation	(55,927)	(223,708)
Balance	**1,733,726**	**1,789,653**

(In Canadian dollars)

7. LEASES (continued)

Lease liability	March 31, 2026	December 31, 2025
	$	$
Balance as at January 1st	2,278,590	2,409,182
Lease payments and interest	(39,554)	(130,592)
Balance	**2,239,036**	**2,278,590**
Current portion of lease liability	256,546	261,847
Non-current portion of lease liability	1,982,489	2,016,743

Contractual undiscounted payments under lease liabilities are as follows:	March 31, 2026	December 31, 2025
	$	$
Within one year	417,372	413,710
1 to 2 years	432,147	428,356
2 to 5 years	1,386,204	1,378,216
After 5 years	1,103,783	1,222,653
Total	**3,339,507**	**3,442,935**

Other amounts recognized in profit or loss	March 31, 2026	March 31, 2025
	$	$
Interest expense on lease liabilities	63,873	67,715

Cash flow amounts	March 31, 2026	March 31, 2025
	$	$
Total cash outflow for lease	103,428	99,892

(In Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Miners	Computer Equipment	Industrial Equipment	Leasehold Improvement	Small Equipment	In Construction - Industrial Equipment	Total
	$	$	$	$	$	$	$
Cost							
Balance - December 31, 2024	**7,881,747**	**261,084**	**6,127,159**	**715,014**	**43,694**	**433,470**	**15,462,168**
Transfer (i)	-	-	433,470	-	-	(433,470)	-
Additions	20,144	-	-	-	-	-	20,144
Balance - December 31, 2025	**7,901,891**	**261,084**	**6,560,629**	**715,014**	**43,694**	**-**	**15,482,312**
Additions	10,529	-	-	-	-	-	10,529
Balance - March 31, 2026	**7,912,420**	**261,084**	**6,560,629**	**715,014**	**43,694**	**-**	**15,492,841**
Accumulated depreciation							
Balance - December 31, 2024	**4,169,513**	**248,191**	**1,544,929**	**242,099**	**28,646**	**-**	**6,233,378**
Depreciation	1,182,980	7,091	612,716	71,501	3,009	-	1,877,297
Impairment (ii)	877,853	-	-	-	-	-	877,853
Balance - December 31, 2025	**6,230,346**	**255,282**	**2,157,645**	**313,600**	**31,655**	**-**	**8,988,528**
Depreciation	140,173	798	153,179	17,875	601	-	312,626
Balance - March 31, 2026	**6,370,519**	**256,080**	**2,310,824**	**331,475**	**32,256**	**-**	**9,301,154**
Net carrying value	$	$	$	$	$	$	$
As at December 31, 2025	**1,671,545**	**5,802**	**4,402,984**	**401,414**	**12,039**	**-**	**6,493,784**
As at March 31, 2026	**1,541,901**	**5,004**	**4,249,805**	**383,539**	**11,438**	**-**	**6,191,687**

(i) During the year ended December 31, 2025, the Company reclassified $433,470 of assets from construction in progress to equipment to reflect their current status as available for use. These assets relate to switchgear that had previously been presented within Construction - Industrial Equipment. As at year end, these assets are not currently in active use and therefore not depreciated.

(ii) During the year ended December 31, 2025, the Company recognized an impairment loss of $877,853 related to its cryptocurrency mining equipment. The impairment was identified due to indicators of impairment, including declines in cryptocurrency prices and increases in network difficulty, which negatively impacted the estimated recoverable amount of the assets. The recoverable amount of the mining equipment was determined based on fair value less costs of disposal using observable market data for similar mining equipment, adjusted for condition, age, and estimated selling cost. As a result, the carrying value of the mining equipment was written down to its estimated recoverable amount.

(In Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2026	December 31, 2025
	$	$
Accounts payable	219,270	130,890
Accrued liabilities	284,216	449,328
Amounts due to related parties (Note 14)	282,471	170,928
Salaries and vacation payable	34,816	38,457
Total	820,773	789,603

10. BORROWINGS

	March 31, 2026	December 31, 2025
	$	$
Long term loan, 9.5% payable in monthly instalments of CHF$217,504 ($342,743) maturing in July 2026 (i)	3,137,875	3,041,001
Credit line (ii)	23,476	20,408
Total debt	**3,161,351**	**3,061,409**
Current portion of long term debt	3,161,351	3,061,409
Long term portion of long term debt	-	-

(i) On July 18, 2022, the Group signed a loan agreement to finance the purchase of mining equipment. An initial tranche of CHF3,000,000 (CAD$3,873,610) net of financing costs of $98,600 was allocated. The capital is repayable over a 3-year term and originally bore interest at 8%.

On July 21, 2023, the Group refinanced the loan, stated above, to finance the purchase of additional mining equipment. From the initial tranche of CHF3,000,000, an additional increment of CHF3,790,000 was added for a total principal of CHF6,639,781 (CAD$10,103,755) net of financing costs of $195,449. The capital is repayable over a 3-year term and bears interest at 9.5%. As of December 31, 2025, the net book value of miners collateralized under the loan is $3,712,234.

In November 2025, the Company entered the Forbearance Agreement with its lender in respect of its long-term loan facility. Under the terms of the agreement, the lender agreed to temporarily suspend required principal and interest payments for a three-month grace period commencing November 2025. The Company assessed the amendment to the loan terms in accordance with IFRS 9 and determined that the modification did not result in a substantial modification or extinguishment of the financial liability. Accordingly, the Company accounted for the amendment as a modification of the existing liability.

As a result of the modification, the Company recognized a gain on modification of $73,573, representing the difference between the present value of the modified cash flows discounted at the original effective interest rate and the carrying amount of the liability immediately prior to the modification.

Subsequent to March 31, 2026, the Company entered into a second Forbearance Agreement (the “New Forbearance Agreement”) as described in Note 17.

The long-term loan is secured by a collateral representing a minimum of 20% of the outstanding principal, $612,282 ($612,282 at December 31, 2025). The collateral held for the long-term loan and line of credit described below was 6 BTC at a fair value of $596,174 (7 BTC at a fair value of $792,392 at December 31, 2025) and $Nil ($Nil at December 31, 2025) in restricted cash. Changes in the loan are as follows:

(In Canadian dollars)

10. BORROWINGS (continued)

	2026
	$
Balance at January 1, 2026	**3,041,001**
Cash-flows:	
Proceeds	-
Repayment	-
Non-cash	
Interest	76,172
Unrealized foreign exchange loss (gain)	20,702
Gain (loss) on debt modification	-
Balance, March 31, 2026	**3,137,875**

(ii) The Group has a $1,600,915 (US$1,150,000) revolving line of credit agreement, to support its continuing working capital needs. At March 31, 2026, the Group had pledged 6 BTC at a fair value of $596,174 (7 BTC at a fair value of $792,392 at December 31, 2025) to secure the revolving line of credit agreement and long-term loan described above. These digital assets are subject to contractual restrictions and cannot be transferred, sold, or otherwise used by the Group while the loan remains outstanding. Borrowings under the credit agreement bear interest at a fixed rate of 9.0%. As at March 31, 2026, the Company has an outstanding balance of $23,476 (December 31, 2025 - $20,408).

Changes in the credit line are as follows:

	$
Balance at January 1, 2026	**20,408**
Cash-flows:	
Interest and bank fees	2,672
Non-cash	
Unrealized foreign exchange gain	396
Balance, March 31, 2026	**23,476**

(iii) A summary of finance expense is as follows:

	March 31, 2026	**March 31, 2025**
Finance expense	**$**	**$**
Interest expense on long term loan	76,172	135,013
Interest on convertible debentures	2,331	-
Interest on line of credit	1,020	5,932
Interest on lease liability	63,873	67,715
	143,396	**208,660**

11. CONVERTIBLE DEBENTURES

During the period ended March 31, 2026, the Company completed a non-brokered private placement offering, which included a convertible debenture unit issuance (the “Debenture Units”) for gross proceeds of approximately $340,000 to the Chief Executive Officer of the Company.

Each Debenture Unit consists of a $1,000 principal amount unsecured convertible debenture (the “Debentures”) and detachable warrants. The Debentures bear interest at 15% per annum, payable quarterly in cash or, at the option of the holder and subject to regulatory approval, in common shares. The Debentures mature in March 2029 and are convertible into Common Shares at $0.085 per share during the first year and $0.10 per share thereafter.

(In Canadian dollars)

11. CONVERTIBLE DEBENTURES (continued)

For accounting purposes, the Debentures represented a compound financial instrument that contains both liability and equity components. The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the debentures by calculating the proportionate present value of the principal and interest payments, discounted at a rate of 21%, into the aggregate value of the combined present value of the debt and equity components. Upon initial recognition, the fair value of the financial liability element and equity components of the proceeds received from the issuance of the Debenture Units was as follows:

	March 14, 2026 $	March 31, 2026 $
Debenture liability (at FVPTL)	264,077	264,077
Conversion feature – equity	38,834	38,834
Warrants – equity	37,089	37,089
Balance, March 31, 2026	**340,000**	**340,000**

Transaction cash costs were $9,046. Upon initial recognition, transaction costs have been allocated using the relative gross proceeds with $7,026 allocated to the debenture liability and $2,020 to the equity portion. Transaction costs allocated to the debenture liability have been recorded as a reduction of the carrying amount of the financial liability, whereas transaction costs allocated to the equity components have been recorded as a reduction in equity.

A continuity of the Company’s convertible notes is as follows:

	Amount $
Balance, December 31, 2025	**-**
Additions	264,077
Transaction costs	(7,026)
Interest	2,331
Accretion	1,020
Balance, March 31, 2026	**260,402**

12. EQUITY

Share Capital

Authorized
An unlimited number of common shares, voting, participating and without par value.

Issued

	Number of common shares	Amount $
Balance, December 31, 2024	**73,277,683**	**14,643,659**
Common shares issued upon the exercise of stock options	97	33
Balance, December 31, 2025	**73,277,780**	**14,643,692**
Common shares issued pursuant to private placement (i)	16,238,025	1,035,174
Share issuance costs	-	(57,389)
Common shares issued pursuant to debt settlement (ii)	534,980	34,105
Balance, March 31, 2026	**90,050,785**	**15,655,582**

(In Canadian dollars)

12. EQUITY (continued)

(i) During the period ended March 31, 2026, the Company completed a non-brokered private placement offering, which closed in multiple tranches, for aggregate gross proceeds of $1,375,174. The offering included both (i) 16,238,025 units issued for gross proceeds of approximately $1,035,174 and a convertible debenture unit issuance for gross proceeds of $340,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at an exercise price of $0.085 per share for a period of one year from the date of issuance and $0.10 per share thereafter, expiring in March 2031. Of the total proceeds of $1,035,174, $Nil was allocated to the warrants using the residual method.

In connection with the private placement, the Company issued 94,117 finder's warrants for a fair value of $7,763. The finder's warrants are exercisable at $0.10 per share and expire on March 23, 2031. The fair value was calculated using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of the grant:	$0.09
Expected life:	5 years
Risk-free interest rate:	3.12%
Expected volatility(1):	154%
Dividend:	Nil
Exercise price at the date of grant:	$0.10

(ii) The Company entered into a debt settlement agreement with an arm's length creditor to settle outstanding consulting fees payable of USD$25,000 (CAD$34,105). The Company issued 534,980 units for a fair value of $34,105 and recorded no gain or loss on the settlement of debt.

Warrants
The warrant activity is as follows:

	Number of Warrants	Weighted average exercise price $
Balance, December 31, 2024	**1,754,901**	**0.570**
Expired	(1,234,901)	0.085
Balance, December 31, 2025	**520,000**	**0.250**
Issued	16,867,122	0.085
Balance, March 31, 2026	**17,387,122**	**0.09**

The following table summarizes warrants outstanding and exercisable as at March 31, 2026:

Balance outstanding at March 31, 2026	Balance exercisable at March 31, 2026	Weighted average life	Expiry date	Exercise price $
520,000	520,000	0.06	5/31/2028	0.25
8,807,635	8,807,635	2.51	3/16/2031	0.085 (i)
7,965,370	7,965,370	2.28	3/23/2031	0.085 (i)
94,117	94,117	0.03	3/23/2031	0.10
17,387,122	17,387,122	4.88		

(i) The following warrants have an exercise price of $0.085 during the first year following the date of issuance and $0.10 thereafter, until the expiry of the warrants.

(In Canadian dollars)

12. EQUITY (continued)

Stock Options

On June 28, 2019, the Group adopted an incentive stock option plan which provides that the Board of Directors of the Group may grant to certain employees. The option price shall be determined by the Board of Directors and shall not be less than the fair market value of the share.

The Group maintains a stock option plan (the “Plan”) whereby certain officers, directors and consultants may be granted stock options for common shares of the Group. Options are granted at the fair market value of the shares on the day granted, and vest over various terms. Stock-based compensation is recognized over the vesting period. The Board may from time to time, in its discretion, grant to officers, directors and consultants of the Group, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five years from the date of grant. The plan also contains certain specifications when a trigger event occurs that would accelerate vesting.

On May 25, 2025, shareholders approved a new omnibus equity incentive plan (the “OEI Plan”), which replaced the 2019 Plan. No further grants will be made under the 2019 Plan; however, any outstanding awards granted under the 2019 Plan will continue in accordance with their original terms.

Under the OEI Plan, the Corporation may grant stock options, restricted share units (“RSUs”), performance share units (“PSUs”), and deferred share units (“DSUs”) to directors, officers, employees and consultants. The maximum number of common shares reserved for issuance under the OEI Plan is equal to 10% of the Corporation’s issued and outstanding common shares at any point in time. As such, the OEI Plan is considered a “rolling” plan, whereby the number of shares available for issuance automatically increases or decreases in accordance with changes in the number of issued and outstanding common shares.

Stock options granted under the OEI Plan are issued at an exercise price not less than the discounted fair market value of the common shares on the date of grant and vest over terms determined by the Board of Directors. RSUs, PSUs and DSUs are granted in accordance with the terms of the OEI Plan and are settled in common shares or cash, as applicable. Share-based compensation is recognized over the applicable vesting period based on the fair value of the awards at the grant date.

On March 3, 2025, the Company granted stock options to purchase an aggregate of 1,991,424 common shares to directors, officers, consultants and employees. The Options are exercisable into common shares of the Company at a price of $0.185 per share for a period of 5 years from date of grant. A total of 1,085,000 options will vest on April 21, 2025, and 906,424 options will vest on March 3, 2026. The fair value of the options was $285,576. The fair value was calculated using Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of the grant:	$0.185
Expected life:	5 years
Risk-free interest rate:	2.52%
Expected volatility(1):	105%
Dividend:	Nil
Exercise price at the date of grant:	$0.185

(In Canadian dollars)

12. EQUITY (continued)

	Number of Options	Weighted average exercise price $
Balance, December 31, 2024	4,561,696	0.570
Granted	1,991,424	0.185
Exercised	(100)	0.185
Balance, December 31, 2025	6,553,020	0.45
Expired	(677,513)	0.26
Balance, March 31, 2026	5,875,507	0.48

The following table summarizes options outstanding and exercisable as at March 31, 2026

Balance outstanding at March 31, 2026	Balance exercisable at March 31, 2026	Weighted average life	Expiry date	Exercise price $
235,295	235,295	0.03	12/23/2026	0.850
3,288,525	3,288,525	0.49	3/18/2027	0.640
385,000	385,000	0.11	3/5/2028	0.250
30,000	30,000	0.01	9/27/2028	0.380
424,290	424,290	0.22	8/27/2029	0.190
1,406,324	1,406,324	1.22	3/30/2030	0.185
106,073	106,073	0.08	5/30/2031	0.380
5,875,507	5,875,507	2.16		

During the periods ended March 31, 2026 and 2025, the Group recorded a share-based compensation expense of respectively $22,079 and $99,547.

13. GENERAL AND ADMINISTRATION

	Three months ended March 31, 2026 $	2025 $
Salaries, benefits and remuneration	196,254	380,662
Advertising, promotion, and investor relations	17,462	49,889
Professional fees	60,831	75,637
Legal fees	19,786	61,560
Regulatory cost	19,716	40,031
Software	30,283	31,818
Custodian fees	8,840	11,987
Other expenses	27,239	18,330
	380,411	**669,914**

14. RELATED PARTY TRANSACTIONS

The Group entered into consulting agreements with certain non-independent directors and officers. The total compensation that was given to the directors and officers is detailed as follows:

(In Canadian dollars)

14. RELATED PARTY TRANSACTIONS (continued)

	March 31, 2026	March 31, 2025
	$	$
Salaries, benefits and remuneration (Note 13)	187,452	194,100
Stock based compensation (Note 12)	13,919	47,258
Total	201,371	241,358

As at March 31, 2026, a balance of $282,471 ($170,928 as at December 31, 2025) was due to related parties and included in accounts payable and accrued liabilities.

During the period ended March 31, 2026, the Company issued Debenture Units for gross proceeds of approximately $340,000 to the Chief Executive Officer of the Company. Each Debenture Unit consists of a $1,000 principal amount unsecured convertible debenture (the "Debentures") and detachable warrants. The Debentures bear interest at 15% per annum, payable quarterly in cash or, at the option of the holder and subject to regulatory approval, in common shares. The Debentures mature in March 2029 and are convertible into Common Shares at $0.085 per share during the first year and $0.10 per share thereafter.

During the period ended March 31, 2025, the Company granted 1,071,424 options to directors and officers and are subject to a four month hold period in accordance with TSXV policies.

15. CAPITAL MANAGEMENT

The Group manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Group consists of equity comprised of issued share capital, reserves and borrowings (including the convertible debenture). The Group manages its capital structure and makes adjustments to it in light of economic conditions. The Group, upon approval from its Board of directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances. The Group is not subject to externally imposed capital requirements and the Group's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2025.

16. FINANCIAL INSTRUMENTS

The Group's risk exposures and the impact on the Group's financial instruments are summarized below.

Fair value
The fair value of the Group's financial instruments, including cash, restricted cash, amount receivable, accounts payable and accrued liabilities and borrowings, convertible debentures, interest payable on convertible debentures, approximates their carrying value due to their short-term period to maturity.

Digital assets are measured at fair value using the quoted price on Coinbase Prime (Level 1).

Credit Risk
Financial instruments that potentially subject the Group to a concentration of credit risk consist primarily of cash, restricted cash and amounts receivable. The Group limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company believes the concentration of credit risk in its amounts receivables is substantially mitigated by its ongoing credit evaluation process. The Company does not generally require collateral from customers. The Company evaluates the need for an allowance for doubtful accounts based upon factors affecting the credit risk of specific customers, historical trends and other information.

(In Canadian dollars)

16. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk is limited and relates to its ability to earn interest income on cash balances. Changes in short term interest rates will not have a significant effect on the fair value of the Group's cash account.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group currently settles its financial obligations out of cash and digital assets.

The Group has a planning and budgeting process to help determine the funds required to support the Group's normal spending requirements on an ongoing basis and its expansionary plans.

As at March 31, 2026, the contractual maturities of financial liabilities, and other amounts payable including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
	$	$	$	$	$	$
Accounts payable and accrued liabilities	785,957	785,957	785,957	-	-	-
Line of credit	23,476	23,476	23,476	-	-	-
Convertible debenture	260,402	493,000	51,000	51,000	391,000	-
Long term loan	3,137,875	3,137,875	3,137,875	-	-	-
Long term loan - interest	-	112,653	112,653	-	-	-
	4,207,710	**4,552,961**	**4,110,961**	**51,000**	**391,000**	**-**

As at December 31, 2025, the contractual maturities of financial liabilities, and other amounts payable including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
	$	$	$	$	$	$
Accounts payable and accrued liabilities	751,146	751,146	751,146	-	-	-
Line of credit	20,408	20,408	20,408	-	-	-
Borrowings	3,041,001	3,041,001	3,041,001	-	-	-
Borrowings - interest	-	180,917	180,917	-	-	-
	3,812,555	**3,993,472**	**3,993,472**	**-**	**-**	**-**

16. FINANCIAL INSTRUMENTS (continued)

Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Group. The Group's functional currency is the Canadian dollar and most purchases are transacted in Canadian dollars. Management currently does not hedge its foreign exchange risk.

The table below indicates the foreign currencies to which the Group has significant exposure in Canadian dollar terms:

	March 31, 2026 $	December 31, 2025 $
Cash - $US	115,050	3,308
Cash - $CHF	(2,849)	(2,760)
Digital assets - $US	635,859	829,827
Accounts payable and accrued liabilities - $US	37,733	36,142
Long term loan - $CHF	3,137,875	3,041,001
Line of credit - $US	23,476	20,408

Based on the net U.S. dollar exposure as at March 31, 2026 a 10% increase in the Canadian/U.S. dollar exchange rate would have had a favorable impact of $68,970 on net income ($77,658 for the year ended December 31, 2025). A 10% decrease in the Canadian/U.S. dollar exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

Based on the net CHF exposure as at March 31, 2026, a 10% increase in the Canadian/CHF exchange rate would have had a favorable impact of $313,503 on net income ($303,824 for the year ended December 31, 2025). A 10% decrease in the Canadian/CHF exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

Digital assets and risk management
Digital assets are measured using Level 1 Fair values, determined by taking the rate from Coinbase Prime.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Group is directly related to the current and future market price of digital assets; in addition, the Group may not be able liquidate its inventory of digital assets at its desired price if required. A decline in the market prices for digital assets could negatively impact the Group’s future operations. The Group has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance. The Group’s digital assets currently solely consist of Bitcoin and Ether.

At March 31, 2026, if the market price of the Group’s holdings of digital assets increased or decreased by 10% with all other variables held constant, the corresponding asset value increase or decrease respectively would amount to $63,586 ($82,983 at December 31, 2025).

17. SUBSEQUENT EVENTS

Subsequent to March 31, 2026, effective on April 8, 2026, the Company entered into a new forbearance agreement the ("New Forbearance Agreement") with Sygnum Bank AG (the "Lender") in respect of its outstanding loan facility (Note 10).

Under the terms of the New Forbearance Agreement, the Lender has agreed to temporarily forbear from enforcing payment of principal and interest obligations for the period from November 1, 2025 to September 30, 2026 (the "Grace Period"), subject to the Company meeting certain conditions.

The forbearance is conditional upon, among other things:
(i) the transfer of all Bitcoin holdings to accounts controlled by the Lender as collateral;
(ii) directing all future mining proceeds to accounts with the Lender;
(iii) obtaining lender approval for cryptocurrency transfers and withdrawals; and
(iv) compliance with ongoing reporting and operational covenants.

The Company is also required to reduce the outstanding debt by US$500,000 by June 30, 2026 and a further US$500,000 by September 30, 2026. Failure to meet these requirements or other conditions may result in termination of the forbearance arrangement and the loan becoming immediately due and payable.

The agreement permits the Company to sell certain mining equipment, subject to lender approval, with proceeds applied toward debt reduction requirements.

Interest will continue to accrue during the Grace Period in accordance with the original loan agreement and will become payable upon termination of the forbearance period or upon the occurrence of an event of default.