

Composite Alliance Group Inc.

MANAGEMENT DISCUSSION & ANALYSIS

FORM 51-102F1

For the Quarter Ended September 30, 2025

This Management Discussion and Analysis ("**MD&A**") is dated November 25, 2025.

This MD&A of the financial condition of Composite Alliance Group Inc. ("**CAG**" or the "**Company**") and results of operations for the quarter ended September 30, 2025, should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2024, and the unaudited condensed consolidated interim financial statements for the quarter ended September 30, 2025. Additional information can be found on CAG on the SEDAR+ website (www.sedarplus.ca).

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. Forward looking statements include, but are not limited to, words such as "believes" "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", "plans" or similar words thereof. These forward statements reflect the Company's future financial position, future growth, business strategy, budgets, internal projects, and objectives of management based on information currently available to the Company.

The Company believes that the expectations represented in such forward-looking statements are reasonable. However, the Company cannot confirm that the plans, intentions, or expectations upon which these forward-looking statements are based will prove to be correct as they are subject to risks, uncertainties, and assumptions.

Any such forward-looking statements are expressly qualified in their entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking statements. The forward-looking statements included in this MD&A are made as of the date of this MD&A. The Company undertakes no obligation to publicly update or revise forward-looking statements, other than as required by applicable law. The reader should not place undue reliance on forward-looking statements.

CORPORATE STRUCTURE

The Company was incorporated on September 26, 2008, under the *Business Corporation Act* (Alberta). The Company's head office is located at Suite 800, 333 – 7 Avenue S.W., Calgary, Alberta, T2P 2Z1, Canada.

The Company owns 100% of Techni-Modul Engineering S.A. ("**TME**"), an S.A.S company registered in France, through a reverse takeover in February 2019.

The Company conducts its sales activities in North America through its Dallas based subsidiary, Composite Alliance Corp. ("**CAC**"). CAC was 90% owned by CAG until CAG purchased the remaining 10% equity shares of CAC from one non-controlling shareholder on December 16, 2021. As of the date of this MD&A, CAC is 100% owned by CAG.

In September 2019, the Company established Composite Alliance Asia Limited in Hong Kong ("**CAA**") with the intention of positioning it as its sales and after-sales hub for Asian customers in the future.

However, as of the date of this MD&A, CAA has not engaged in any business activities. Given the recent uncertainties in the global economy caused by the tariff wars, the Company has no plans to initiate any significant business operations for CAA in the foreseeable future.

BUSINESS FOCUS

The Company's subsidiary in France, TME, specializes in industrial turn-key solutions by designing and manufacturing the machines and processes that it sells to customers who use those machines and processes to fabricate composite materials for the aerospace and automotive industries and is in Coudes, France.

The Company's U.S. subsidiary, CAC, is designated as the sales office for TME and is based in Spartanburg, South Carolina. Currently, CAC has no active employees in the U.S. and instead collaborates with a distributor for business development efforts.

Starting from the fourth quarter of 2019, the Company entered a new business of distributing dispensing equipment of Magnus Venus Products ("MVP") in the People's Republic of China (the "Territory") through local sub-distributors.

SENIOR MANAGEMENT STRUCTURE

Effective April 30, 2025, the Company dismissed its former Chief Technology Officer ("CTO"), who also served as President of TME in France. On the same day, the former CTO also resigned from the Company's Board of Directors.

Effective May 1, 2025, the Company re-appointed Mr. Jim Hsieh as Chief Executive Officer and Ms. Debbie Chien as Chief Financial Officer. Mr. Hsieh and Ms. Chien, who had both resigned from these roles in August 2022, have returned to support the Company's efforts to re-strategize and recapitalize.

SUMMARY OF ANNUAL AND QUARTERLY FINANCIAL RESULTS

After the reverse takeover by the acquirer TME effected on February 12, 2019, the annual financial information presented ended December 31, 2022, 2023 and 2024 and the quarter financial information presented ended September 30, 2025, are comprised of the consolidated financial information of the Company and its subsidiaries TME, CAC and CAA. All the financial information below is reported in Canadian Dollars ("CAD"). Figures are reported in accordance with International Financial Reporting Standards ("IFRS").

ANNUAL	31-Dec-24 Audited	31-Dec-23 Audited	31-Dec-22 Audited
Total revenue	\$10,781,384	\$14,354,589	\$6,868,030
Total expenses	12,344,553	15,400,877	7,827,626
Other expenses (income)	669,606	-233,685	-536,875
Net income (loss)	-2,232,775	-812,607	-422,721
Basic earnings (loss) per share	-	-	-
Diluted earnings (loss) per share	-	-	-
Comprehensive income (loss)	-2,543,620	-889,682	-512,734
Current Assets	12,703,149	9,244,256	9,111,077
Non-current Assets	5,078,292	4,378,947	2,932,769
Total Assets	17,781,441	13,623,203	12,043,846
Current Liabilities	15,464,955	9,201,559	6,505,765
Non-current Liabilities	8,114,719	7,944,880	8,171,635
Total Liabilities	23,579,674	17,146,439	14,677,400

Quarterly	3 Months Ended September 30, 2025	3 Months Ended June 30, 2025	3 Months Ended Mar 31, 2025	3 Months Ended December 31, 2024	3 Months Ended September 30, 2024	3 Months Ended June 30, 2024	3 Months Ended Mar 31, 2024	3 Months Ended December 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Total Revenue	\$812,324	\$3,293,944	\$3,332,943	4,909,118	\$3,275,618	\$1,657,388	939,260	\$4,827,435
Total operating expenses	2,219,386	3,528,111	3,035,656	4,628,490	3,362,045	2,478,238	1,875,780	\$5,671,578
Other expenses (income)	278,426	66,486	297,287	78,274	232,806	205,931	152,595	(\$501,205)
Net income (loss)	(1,685,488)	(300,653)	(47,990)	202,354	(319,233)	(1,026,781)	(1,089,115)	(\$342,938)
Comprehensive income (loss)	(1,715,370)	(206,735)	(8,282)	126,795	(445,267)	(1,077,261)	(1,147,887)	(\$347,327)
Earnings per share:								
Basic	0	0	0	0	0	0	0	0
Diluted	0	0	0	0	0	0	0	0

QUARTERLY HIGHLIGHTS

Revenue

Total revenue decreased by 75.2% in the third quarter of 2025 to \$812,324 from the same period in 2024.

Revenue Breakdown by Product ('000)

Product	3Q25	3Q24	Growth
Machine sales – TME and CAC (gross)	\$807.8	\$ 3,237.3	-75.0%
MVP Products (net)	4.5	38.3	-88.3%
Total	\$812.3	\$3,275.6	-75.2%

(1) Machine revenue - TME and CAC

Revenue from machine sales decreased by 75.0% in the third quarter of 2025 compared to the same period in 2024. The significant decline was primarily due to far fewer projects being delivered in 2025 relative to the same quarter of 2024. For the first nine months, however, machine revenue remained 26.7% higher in 2025 than in 2024. The quarterly fluctuation in revenue is inherent to the machine business, and reviewing the trend on a longer-term basis, such as year-to-date figures, provides a relatively more accurate reference than relying on a single quarter's results.

It should be noted that the Company's machine business involves long-term contracts with most of its customers for the machine sales. As the performance obligations for these contracts are satisfied over time, revenue from these contracts is recognized by measuring the progress towards complete satisfaction of the performance obligation using the input method, which is cost incurred to date relative to total estimated costs. This input method is used since cost incurred to date contribute proportionally to the Company's progress in satisfying the performance obligation. Meanwhile, the cost incurred to date is directly observable and the information required to apply this method is available to the Company without undue cost. Losses for a given contract are provided for in full as soon as they become probable. Payment for this type of revenue is typically due within a specified period as permitted by the underlying agreement. Any excess costs and estimated earnings over progress billings is carried as a contract asset. Any excess of progress billings over earned revenue is carried as a contract liability.

(2) MVP products

MVP products are distributed by the Company under a sub-distributor arrangement following a dropship model. Under this setup, the Company receives orders from sub-distributors and subsequently places corresponding orders with MVP. The goods are then shipped directly from MVP to the sub-distributors within the Territory, and the Company does not take ownership of the inventory at any point. Accordingly, revenue is recognized on a net basis in line with the nature of the business flow.

In the third quarter of 2025, net sales from this segment decreased by 88.3%. While the net sales amount for the quarter was in line with the Company's expectations, the percentage decline was mainly due to the exceptionally high revenue in the third quarter of 2024, which was resulted from the recovery of the supplier's manufacturing capacity. The Company continues to anticipate limited sales for the remainder of 2025 due to the ongoing reciprocal tariffs between China and the United States. Under the current tariff structure, there is no economic rationale for the Company to meaningfully import these products into China.

Costs and Expenses

Total costs and expenses declined by 34.0% in the third quarter of 2025 compared to the same period in 2024.

In the third quarter of 2025, purchases of raw materials and goods, along with subcontractor expenditures ("Total Purchases"), collectively decreased by 57.7%. These Total Purchases represented 108.1% of revenue in 3Q25, compared to 63.4% in 3Q24. The high percentage in this quarter was primarily due to differences in the delivery phase of each project: in some periods, costs are driven mainly by purchases, while in others they are driven mainly by labor hours. In this quarter, the major costs incurred were purchases. Overall, the total purchases margin outlook for each project has not changed materially as of the date of this MD&A.

Payroll expenses, including social security contributions, rose by 43.5% year-over-year in 3Q25. This increase was primarily driven by a larger, fully staffed organization supporting a greater number of projects compared to 2024. On a quarter-over-quarter basis, payroll costs remained rather stable in 2025 after adjusting one-time payments.

Selling, general, and administrative ("SG&A") expenses decreased by 37.2% year-over-year in 3Q25. The elevated figures in 2024 mainly reflected substantial litigation costs related to an intellectual property protection lawsuit (in which TME was the plaintiff in China). The Company does not expect to incur such costs at a significant level for the remainder of 2025. SG&A expenses for this quarter were slightly lower than in the previous quarters of 2025 and remained in line with the Company's expectations. However, due to the lower revenue base, SG&A expenses accounted for a higher percentage of revenue in this quarter, which was 44.8%, compared to 17.7% in 3Q24.

Depreciation and amortization expenses increased by 36.9% year-over-year in 3Q25, mainly due to the capitalization of new R&D expenditures during 2024. These costs have remained rather stable quarter-over-quarter since 1Q25.

The provision charges recorded in 3Q25 were minor compared to 3Q24, when the Company recognized certain provisions related to US projects and investments.

Breakdown of Operating Expense ('000)

Expense Items	3Q25	% to revenue	3Q24	% to revenue	Change
Purchased raw materials and goods	\$228.3	28.1%	\$1,392.2	42.1%	-83.5%
Payroll expenses and social security contributions	655.7	80.7%	456.9	13.9%	+43.5%
Subcontractor	649.4	79.9%	696.8	21.3%	-6.8%
Selling, general and administrative	363.8	44.8%	578.9	17.7%	-37.2%
Property and apprenticeship taxes	30.1	3.7%	18.6	0.6%	+61.4%
Depreciation and amortization	291.2	35.9%	212.7	6.5%	+36.9%
Provision variations	0.9	0.1%	18.4	0.6%	-95.3%
Total	2,219.4	273.2%	3,362.0	102.6%	-34.0%

Other Expenses

In 3Q25, the Company recorded foreign exchange loss due to the depreciation of EUR against the CAD during the period.

Financing expenses increased 59.6% year-over-year in 3Q25, driven primarily by higher borrowing levels from related parties.

Other income in 3Q25 primarily consisted of the revaluation of certain R&D projects in France.

Breakdown of Other Expense (Income) ('000)

Expense (Income) Item	3Q25	% to revenue	3Q24	% to revenue	Change
FOREIGN EXCHANGE (GAIN) LOSS	\$50.0	6.2%	\$24.2	0.7%	+106.7%
FINANCE COSTS	309.2	38.1%	193.7	5.9%	+59.6%
OTHER EXPENSE (INCOME)	(80.8)	-9.9%	14.9	0.5%	N.A.
TOTAL	278.4	34.3%	232.8	7.1%	+19.6%

Profitability

The Company posted an operating loss of \$1,407,062 in 3Q2025 compared to an operating loss of \$86,427 in 3Q24. After considering the other expense/income items, the Company posted a net loss of \$1,685,488 in 3Q25 compared to a net loss of \$319,233 in 3Q24.

For the first nine months in 2025, the Company posted an operating loss of \$1,343,942, compared to an operating loss of \$1,843,797 during the same period of 2024. After considering the other expense/income

items, the Company posted a net loss of \$2,034,131, compared to a net loss of \$2,435,129 during the same period of 2024.

CAPITAL RESOURCES MANAGEMENT

For the first nine months in 2025, the Company generated negative cash flows of \$2,777,397 from operating activities, compared to cash inflows of \$2,232,707 during the same period of 2024. This decrease in cash flows is mainly due to delay in accounts receivable collections from certain clients in China and France.

For the first nine months in 2025, the Company had cash outflows of \$419,727 from its investing activities mainly due to the capitalization of R&D expenses on new projects, compared to cash outflows of 1,314,373 during the same period of 2024.

For the first nine months in 2025, the Company posted cash inflows of \$4,462,744 from its financing activities, compared to outflows of \$807,839 during the same period of 2024. This increase of financing cash inflow is a result of higher debt financing from the related parties.

The Company's capital structure is regularly reviewed and managed. Adjustments are made to the capital structure based on financing requirements as well as in response to economic conditions affecting the Company. As of September 30, 2025, the Company had a cash and cash equivalents balance of \$1,162,229 (after deducting the short-term borrowing of \$nil from the cash balance) and a working capital deficit of \$3,073,524. The decrease in net working capital is mainly a result of a decrease in operating cash flows.

GOING CONCERN

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS®") that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of operations. There are material uncertainties that may cast significant doubt on the validity of this assumption. The Company experienced a net loss of \$2,034,131 for the nine-month period ended September 30, 2025, and as of that date, has an accumulated deficit of \$13,964,583 and negative working capital of \$3,073,524. The Company's ability to continue as a going concern is dependent on continued support from related parties, generating a profit from operations, and obtaining additional financing as required.

The Company has already taken proactive steps to improve its profitability, including exploring new revenue streams and developing new products. The Company has confirmed orders from some of its new customers for next fiscal year, which gives confidence in its ability to generate sufficient revenues to meet its obligations on a timely fashion. Furthermore, the Company does not foresee any significant risk in collecting its accounts receivable, which provides further comfort in its ability to materialize cash inflows.

As part of its ongoing efforts to strengthen management and drive organizational improvement, the Company is actively refreshing its workforce by bringing in new talent while also re-engaging experienced former employees. This strategic approach aims to blend fresh perspectives with deep institutional knowledge, ensuring continuity and accelerating the Company's transformation initiatives. The recruitment of seasoned veterans reflects the Company's commitment to stability, operational excellence, and long-term growth.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to interest, credit, and liquidity risks in the normal course of the Company's operations. These risks are mitigated by the Company's financial management policies and practices described below.

Interest Rate Risk

The Company is susceptible to interest rate cash flow risk and fair value risk on its fixed and floating rate financial liabilities.

Business Risks

Business risks increasing the susceptibility to risks of material misstatement may arise from concentration risk, intellectual property risk in China, risk of delays in project completion and risk of non-payment due to customer insolvency.

- **Concentration Risk for Large-Sized Projects**

The Company is exposed to a risk stemming from the relatively large size of its individual projects in proportion to its annual revenue. This risk is further intensified by the complexity of the production chain, which involves numerous integrated components. However, as the Company's efforts in increasing its product offering with more standardized products, the relative impact of project size on financial stability is expected to decline, thereby gradually mitigating this risk.

- **Intellectual Property Risk in China**

TME has maintained business operations in China for almost 20 years without encountering any significant intellectual property infringements by local companies. However, the Company remains exposed to potential risks of unfair competition in Asia, particularly the unauthorized replication of its proprietary technologies. Such risks could undermine TME's competitive advantage by driving down selling prices and prolonging customers' decision-making processes. TME has therefore adopted an aggressive defensive strategy in China over the past two years to safeguard its intellectual property, as evidenced by the increase in legal-related expenses.

- **Risk of Delays in Project Completion**

TME faces potential project delays stemming from its lengthy Studies/Implementation cycle, which typically spans eight to ten months. This presents a challenge in aligning order execution with annual revenue targets. Additionally, since 2022, TME has encountered supply chain disruptions, particularly in sourcing specific machine components, which have further impacted delivery timelines. In response, TME has strategically shifted its focus toward selling equipment with shorter implementation cycles - ranging from four to six months - since 2020. The Company is also actively working to increase the volume of commercial proposals and prioritize products with faster commercialization and execution timelines to mitigate these operational risks.

- **Risk of Non-Payment Due to Customer Insolvency**

TME is exposed to the inherent risk of customer insolvency, which could result in significant financial strain or, in extreme cases, disruption to its operations. To mitigate this risk, TME has established a series of risk management practices. For sizable contracts - particularly with Chinese clients - the Company typically requires the use of documentary credits to secure payments. Prior to contract finalization, TME also conducts thorough solvency analyses of new clients to assess their financial health. In addition, the Company performs regular financial reviews of existing customers to identify early warning signs of distress and proactively address potential non-payment risks. Through these preventive measures and ongoing client monitoring, TME seeks to reduce exposure to credit risk and safeguard its financial stability.

- **Credit Risk**

The Company is exposed to credit risk arising from its cash and cash equivalents, accounts receivable, and other receivables. This risk is mitigated in several ways. Cash and cash equivalents are held with reputable, major financial institutions, reducing the likelihood of counterparty default. The credit risk associated with accounts receivable is managed through a diversified customer base, which limits the

Company's exposure to any single client. Additionally, the Company closely monitors the collection of receivables to promptly identify and address potential credit issues, thereby maintaining a healthy cash flow and minimizing the impact of credit risk on its operations.

- **Liquidity Risk**

As of September 30, 2025, the Company is still facing some liquidity risk, which is one of its main challenges. The Company's debt has increased significantly in recent years, mainly to finance its business expansion and legal related matters. The Company provides the following analysis of its liquidity:

- a) **Cash Flow:** The Company is actively working on new contracts. These contracts are expected to provide additional stability to the Company's cash flow position. Meanwhile, the Company needs to ensure that it has sufficient cash reserves to manage unexpected events or delay in receiving payment from customers. The Company is taking measures to conserve cash, including managing its expense and implementing payment terms that reduce its exposure to payment delays. Additionally, the Company is currently in discussion with its bankers to secure credit facilities to further bolster its liquidity position.
- b) **Financial Obligations:** The Company has significant financial obligations related to its long-term contracts for equipment, including maintenance costs and lease payments. The Company is also exploring financing options to manage its long-term obligations, including debt financing.
- c) **Contingencies:** Although the Company does not have reserves to manage potential contingencies related to disputes with customers, it has never faced product recalls. While disputes with customers related to the performance of the equipment may arise, the Company has a team of experts who specialize in managing complex contracts and work to resolve any potential disputes in a timely and efficient manner. This may involve providing credit notes or reducing the final invoice to reach a mutually beneficial resolution. The Company recognizes the importance of maintaining positive relationships with its customers and is committed to providing high-quality products and services.
- d) **Other Factors:** The Company operates in a competitive industry and needs to stay up to date with technological advancements and changing customer needs. The Company invests in research and development to maintain its competitive edge and is constantly evaluating new products and services to offer its customers.

In summary, the Company is facing liquidity risk. The Company is working on its goal to increase its revenue to provide additional stability to its cash flow position. The Company is taking measures to manage its cash carefully by monitoring its cash flows situation daily and explore financing options to manage its financial obligations related to its long-term contracts for equipment. The Company has successfully negotiated with its related parties to either extend the maturity dates of outstanding debts or waive accrued interest. Management has reasonable confidence that related parties will continue to provide support within a practical scope. Additionally, the Company's management remains highly vigilant in monitoring its liquidity position and proactively engages with a broad range of potential financing sources to ensure access to alternative funding options whenever needed. During the first six months of 2025, two related parties agreed to provide extra financing to the Company to support its working capital needs, demonstrating the related parties' continued commitment to sustaining the Company's operations and ensuring its ongoing viability.

SUBSEQUENT EVENTS

In November 2025, the Company reached certain debt restructuring agreements with related parties, with the following major terms:

- i) Certain debt (with a nominal amount of €950,000) and a convertible debenture (with a nominal amount of €1,500,005) owed by TME to a related party will be assigned to CAG. CAG will then convert these debts into TME's capital to recapitalize the company. Meanwhile, the related party has agreed to waive 90% of the above debts and the conversion right, in exchange for repayment of the remaining 10% of the principal amount by December 31, 2027. *This proposed restructuring is subject to TSXV approval.*

ii) The maturity dates of certain long-term borrowings with related parties that were set to mature in the next 12 months will be extended to December 2031.

Management believes that the above restructuring will not only strengthen the Company's capital structure but also enhance its business relationships with customers and suppliers in 2026.

ACCOUNTING POLICIES

Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The condensed consolidated financial statements are expressed in Canadian dollars unless otherwise stated.

Functional and Presentation Currency

The consolidated financial statements are presented in CAD, which is the Company's presentation currency and is consistent with the functional currency of the Company. The functional currency of TME and CAC is Euro and USD respectively.

Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. The discount rate used to determine the liability component of the convertible debentures is also subject to estimate. Measurement inputs used in determining the fair value of stock options are also subject to estimate by management. The incremental borrowing rates used to determine the carrying value of the right-of-use assets and lease obligations are also subject to management estimate.

Off-Balance Sheet Arrangements and Financing Facilities

The balance of short-term borrowing of \$nil (December 31, 2024 – \$535,305) was a bank overdraft outstanding as at September 30, 2025. The following facilities are available to the Company as at September 30, 2025 and December 31, 2024:

Credit facility for an aggregate amount of €941,000 (CAD \$1,536,747) unsecured, due on the maturity of invoices issued to its customers and bears weighted average interest at 1-month Euribor rate plus 1.50% per annum. (December 31, 2024 – €941,000 at 1-month Euribor rate plus 1.80% per annum). This facility will

be used to finance its working capital prior to the delivery of goods to its foreign customers. As at September 30, 2025, CAD \$nil was outstanding on this facility (December 31, 2024 – CAD \$nil (€nil)).

Aggregate bank guarantees of up to a maximum of €1,050,000 (CAD \$1,714,755) for advanced payment refunds for its foreign customers that are due on demand, and bear weighted average interest at 1.71% per annum (December 31, 2024 – €1,050,000 at 1.76% per annum). These facilities will be used when the Company must produce letters of guarantee of restitution of deposit, good execution of contract or retention of guarantee for its foreign customers. As at September 30, 2025, there were CAD \$1,242,626 (€760,900) of guarantees outstanding (December 31, 2024 - \$nil).

An aggregate foreign exchange cover line up to a maximum of €3,500,000 (CAD \$5,715,850) (December 31, 2024 – €3,500,000). As at September 30, 2025, CAD \$nil was outstanding on this facility (December 31, 2024– CAD \$nil).

Transaction Between Related Parties

For the period ending September 30, 2025, the Company has the following related party transactions:

Key management includes all persons named or performing the duties of Chief Executive Officer, Chief Financial Officer, President, Vice-President, and Directors of the Company. The compensation paid or accrued to key management for services is shown below.

	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Director fees to non-executive directors	\$ 16,000	\$ 8,000
Salaries	593,367	588,388

The following is a summary of the Company's other related party transactions during the period:

	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Real property leases paid to a company controlled by a former officer of the Company	\$ 106,702	\$ 85,371
Finance cost paid or accrued to a company controlled by a director of the Company	53,967	51,220
Finance cost paid or accrued to two of the directors of the Company	9,873	9,909
Finance cost paid or accrued to a shareholder of the Company	92,398	-
Finance cost paid or accrued to a company controlled by an officer of the Company	119,893	-
Finance income accrued from a company controlled by a shareholder of the Company	3,292	6,049
Professional fees paid to a partnership controlled by a director of the Company	50,916	20,499
General administrative fee paid to a company controlled by a former officer of the Company	-	65,625
Commission expense paid or accrued to two companies controlled by two directors of the Company	147,470	256,883

The following is a summary of financial instruments held by related parties:

	September 30, 2025	December 31, 2024
Receivable from a company controlled by a former officer of the Company	\$ 30,315	\$ 320,064
Convertible debentures issued to a company controlled by a director of the Company	2,560,443	2,260,632
Long term borrowing advanced from a company controlled by a director of the Company	1,709,096	1,524,288
Long term borrowing advanced from a company controlled by an officer of the Company	4,371,679	3,549,022
Long term borrowing advanced from companies controlled by two of the directors of the Company	785,922	663,119
Long term borrowing advanced from a shareholder of the Company	3,745,752	-

Changes in Accounting Policies

The unaudited condensed consolidated interim financial statements and audited consolidated financial statements follow the same accounting policies as outlined in the audited financial statements for the year ended December 31, 2023, except for the adoption of the following accounting standards effective January 1, 2024:

The amendments to IAS 1, Presentation of Financial Statements, clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. The amendments also require an entity to disclose its material accounting policies rather than its significant policies. The adoption of this amendment did not have a material measurement or disclosure impact on the Company's condensed consolidated interim financial statements and audited consolidated financial statements.

The amendments to IAS 7, Statement of Cash Flow, require an entity to provide additional disclosures about its supplier finance arrangements. The amendments also add supplier finance arrangements as an example within the liquidity risk disclosure requirements of IFRS 7 Financial Instruments: Disclosures.

The adoption of this amendment did not have a material measurement or disclosure impact on the Company's condensed consolidated interim financial statements and audited consolidated financial statements.

The amendments to IFRS 16, Leases, add subsequent measurement requirements to IFRS 16 that explain how an entity accounts for a sale and leaseback after the date of the transaction. The adoption of this amendment did not have a material measurement or disclosure impact on the Company's condensed consolidated interim financial statements and audited consolidated financial statements.

Disclosure of Share Information

Shares outstanding:

110,233,610 common shares outstanding as at the date hereof.

Stock options outstanding:

None.

APPROVAL

The Board of Directors has reviewed and approved this document pursuant to its mandate and charter.