

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JULY 30, 2025**  
**FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2025**

This Management's Discussion and Analysis ("**MD&A**") of Reeflex Solutions Inc. ("**Reeflex**" or the "**Company**") (formerly Bigstack Opportunities I Inc) is for the three and nine months ended May 31, 2025. It should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the period then ended, which have been prepared accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of interim financial statements.

All financial information in this MD&A is presented in Canadian dollars unless otherwise indicated. This document contains forward-looking statements and should be read in conjunction with the "**Caution Note Regarding Forward-Looking Information**" section.

Additional information about the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**Reverse Take-Over Transaction ("RTO")**

Reeflex Solutions Inc. (formerly Bigstack Opportunities I Inc.) (the "**Company**") was incorporated on July 16, 2021 under the Ontario Business Corporations Act. The Company's head office is located at 5475 - 56 Ave SE, Calgary Alberta, T2C 3X6. The Company's shares are traded on the TSX Venture Exchange ("**TSXV**") under the symbol "**RFX**".

The Company was formed through the series of transactions referenced below. On May 15, 2025, Reeflex Coil Solutions Inc. ("**Reeflex Coil**") a privately owned company, incorporated on June 14, 2024, entered into a share purchase agreement (the "**Share Purchase Agreement**") with Coil Solutions Inc. ("**Coil**"), a private oilfield service and equipment company incorporated on Aug 15, 2007. Pursuant to the Share Purchase Agreement, all the issued and outstanding common shares of Coil were acquired by Reeflex Coil for the agreed purchase price of \$5,800,000, subject to a post-closing working capital adjustment. The purchase price was satisfied by the payment of \$1,700,000 cash; 18,000,000 common shares in the capital of the Company at a price of \$0.10 per common share; and a secured Vendor Take-Back in the amount of \$2,300,000.

On May 16, 2025, Bigstack Opportunities I Inc. ("**Bigstack**") completed a three-cornered amalgamation (the "**Amalgamation**") pursuant to which Reeflex Coil amalgamated with 2704122 Alberta Ltd., a wholly-owned subsidiary of Bigstack. The amalgamated entity, named Reeflex Coil, became a wholly-owned subsidiary of Bigstack and Coil became a wholly-owned subsidiary of Reeflex Coil.

Reeflex Coil completed a non-brokered private placement of 4,139,500 subscription receipts (each, a "**Subscription Receipt**") at a price of \$0.20 per Subscription Receipt for aggregate gross proceeds of \$827,900. Each Subscription Receipt converted into one common share of Reeflex Coil ("**Reeflex Coil Share**") immediately prior to the Amalgamation.

Pursuant to the Amalgamation, all the issued and outstanding Reeflex Coil Shares were exchanged for common shares in the capital of the Company ("**Common Shares**") on the basis of one Common Share for each Reeflex Coil Share held. Upon completion of the Amalgamation, Bigstack changed its name to Reeflex Solutions Inc.

The Amalgamation constituted a reverse take-over ("**RTO**") of the Company by Reeflex Coil, with Reeflex Coil being the acquirer for accounting purposes. Accordingly, these unaudited interim consolidated financial statements are a continuation of Reeflex Coil including its wholly owned subsidiary Coil, with the net assets (liabilities) of Bigstack being consolidated from May 16, 2025, as well as Reeflex Coil's operating results from that date forward. The comparative figures are those of Coil. The Company is in the business of providing coiled tubing solutions and downhole tools to the oil & gas industry. The Company also designs and manufactures custom-built mobile equipment for various industry sectors.

## Corporate Overview

Reeflex is a leading global provider of oilfield service equipment and solutions, specializing in coiled tubing, well intervention equipment, and oilfield support services. The Company designs, manufactures, and distributes specialized equipment used in the oil and gas industry to improve efficiency, safety, and productivity in field operations.

Through its wholly-owned subsidiary, the Company serves major oilfield service providers, drilling contractors, and production companies across North America and the rest of the world. The Company is committed to innovation and sustainability, investing in research and development (R&D) to advance industry-leading solutions. By leveraging cutting-edge technology and a strong customer service framework, Reeflex maintains its position as a trusted partner in the energy sector.

The Company's core strategic priorities include:

- Operational Excellence: Enhancing manufacturing processes and cost efficiencies.
- Market Expansion: Growing its footprint across North America and other international markets.
- Product Innovation: Developing next-generation oilfield technologies.
- Sustainability Commitment: Adopting environmentally responsible practices.

## Financial Highlights

### Net Income Analysis Period ending May 31, 2025

	Three months ended May 31		Nine months ended May 31	
	2025	2024	2025	2024
<b>Revenue</b>	3,339,006	3,767,496	8,932,105	12,788,113
<b>Cost of sales</b>	1,645,295	1,830,410	4,307,459	7,739,186
<b>Gross profit</b>	\$ 1,693,712	\$ 1,937,085	\$ 4,624,646	\$ 5,048,927
<b>Operating expenses</b>	1,348,058	1,284,643	4,229,486	3,597,677
<b>Net income before other income (expenses)</b>	\$ 345,654	\$ 652,442	\$ 395,160	\$ 1,451,250
Listing expenses	(3,445,309)	-	(3,445,309)	-
Carbon tax rebate for businesses	-	-	40,547	-
Foreign exchange gain (loss)	20,942	(40,212)	81,553	(39,180)
Interest and bank charges	(3,536)	(4,308)	(24,891)	(14,181)
Interest expense on lease liability	(9,628)	(11,324)	(28,883)	(33,971)
Interest expense on long-term debt	(431)	(201)	(1,437)	(201)
Management fees & stock options	(109,186)	(60,000)	(249,186)	(260,000)
Other Interest	25,234	1,798	43,435	9,850
<b>Total other income (expenses)</b>	<b>(3,521,914)</b>	<b>(114,248)</b>	<b>(3,584,171)</b>	<b>(337,684)</b>
<b>Net income before income tax expense</b>	<b>(3,176,260)</b>	<b>538,194</b>	<b>(3,189,011)</b>	<b>1,113,566</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income for the year</b>	<b>(3,176,260)</b>	<b>538,194</b>	<b>(3,189,011)</b>	<b>1,113,566</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>\$ (3,176,260)</b>	<b>\$ 538,194</b>	<b>\$ (3,189,011)</b>	<b>\$ 1,113,566</b>
<b>Basic and diluted earning (loss per share)</b>	<b>\$ (0.19)</b>	<b>\$ 0.61</b>	<b>\$ (0.36)</b>	<b>\$ 1.27</b>
<b>Weighted average number of common shares outstanding</b>	<b>16,349,060</b>	<b>880,000</b>	<b>8,863,472</b>	<b>880,000</b>

### *Revenue*

Deferred capital expenditures by our customer base contributed to a revenue decline of \$428,490 (11.4%) and \$3,856,008 (30.2%) for the three and nine months ended May 31, 2025, respectively, compared to the same periods in the prior year.

### *Cost of Sales and Gross Profit*

Cost of sales for the three and nine months ended May 31, 2025, were \$1,645,295 and \$4,307,459, respectively, down from \$1,830,410 and \$7,739,186 in the prior year, representing decreases of \$185,116 (10.1%) and \$3,431,727 (44.3%). Despite lower revenues, gross margin remained strong at 50.7% for the quarter and improved to 51.8% for the nine-month period, reflecting improved cost control and a more favourable product mix.

### *Operating Expenses*

Operating expenses for the three and nine months ended May 31, 2025, were \$1,348,058 and \$4,229,486, compared to \$1,284,653 and \$3,597,677 in the same periods in 2024, representing increases of \$63,415 (4.9%) and \$631,809 (17.6%), respectively. The increase was primarily driven by higher personnel costs, professional fees, and public company-related expenses following completion of the Qualifying Transaction.

### *Other Expenses including Listing Expenses*

Other expenses for the three and nine months ended May 31, 2025 totaled \$3,521,914 and \$3,584,171, respectively, compared to \$114,248 and \$337,684 in the prior year. The largest component of other expenses in the current period was the listing expense of \$3,445,309, which is non-recurring in nature and relates to the excess of consideration over fair value of net assets acquired pursuant to the Qualifying Transaction and consistent with the guidance of IFRS 2.

### *Net Income (Loss)*

Net income for the three and nine months ended May 31, 2025 was a loss of \$3,176,260 and \$3,189,011, respectively, representing a decrease of \$3,714,455 and \$4,302,577 from the prior year.

### **Other Key Financial Performance Metrics**

- Total Assets: \$9,867,991, down from \$9,969,945 as at August 31, 2024, mainly due to reductions in cash, trade receivables, right-of-use assets offset by an increase in inventory.
- Total Liabilities: Decreased to \$7,070,402 from \$8,294,895 primarily due to reclassifying preferred share liability and due to shareholders as share capital; an increase in accounts payable and accrued liabilities; and the recognition of the vendor take-back loan pursuant to the acquisition of Coil.
- Cash decreased by \$640,497 since August 31, 2024 year-end due largely to the partial satisfaction of certain obligations of the Company to the prior shareholders of Coil.
- While revenue declined, the Company maintained a solid gross margin, reflecting effective cost control measures.
- Net income declined, primarily due to lower sales volume and increased overhead costs and a non-recurring listing expense pursuant to the Qualifying Transaction.

### **Liquidity and Capital Resources**

Reeflex carefully manages its liquidity position to ensure operational stability and financial flexibility.

- Working Capital: The Company maintains a positive working capital position, enabling it to meet short-term obligations.

- Long-Term Debt Position: Lease liabilities and long-term debt decreased from \$644,393 to \$424,314 reflecting principal repayments.
- Shareholders' Equity: Share capital and retained earnings increased by \$1,122,539 due these unaudited consolidated interim financial statements being a continuation of Reeflex Coil pursuant to the Qualifying Transaction and the non-recurring listing expense incurred therein.

Liquidity risks remain manageable, with no significant near-term financing constraints. The Company continues to optimize its cash flow and financing strategy.

**Statement of Working Capital**  
**Period ending May 31, 2025**  
 \$

	<b>31-May</b>	<b>31-Aug</b>
	<b>2025</b>	<b>2024</b>
		<b>Audited</b>
<b>Assets</b>		
<b>Current</b>		
Cash	183,240	823,737
Trade and other receivables	3,105,564	3,665,194
Inventory	5,027,840	3,957,215
Prepaid expenses	254,683	84,691
	8,571,327	8,530,837
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,648,797	1,744,246
Promissory notes (current portion)	1,768,375	-
Current portion of lease liabilities	250,600	250,600
Current portion of long-term debt	47,700	47,700
Preferred share liability	-	3,189,400
	4,715,471	5,231,946
<b>Working Capital and Financial Resources</b>	3,855,856	3,298,891

(Working capital is a non-IFRS financial measure that does not have a standardized meaning under IFRS<sup>®</sup> Accounting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other entities. It is defined as current assets less current liabilities. Working capital is used by management as one measure to analyze the operating liquidity available to the Corporation. It is defined as current assets less current liabilities. Working capital ratio is defined as current assets divided by current liabilities. This measure is not intended to represent or be construed as an alternative to current assets as calculated in accordance with IFRS.)

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

**Disclosure of Outstanding Share Data**

As of the date of this MD&A, the Company has 46,401,501 common shares issued and outstanding. There are 500,000 agents' options exercisable at \$0.10 per common share until July 16, 2026. There are 3,050,000 stock options issued and outstanding at an exercise price of \$0.20 per common share until May 16, 2030.

## Shareholders Equity (Deficiency)

			Difference
Share capital	4,291,000	97	
Contributed surplus	20,645	-	
Deficit	(1,514,056)	1,674,954	
<b>Total Equity</b>	<b>2,797,589</b>	<b>1,675,051</b>	<b>1,122,539</b>

Shareholders' Equity: Share capital increased \$1,122,539 due these unaudited consolidated interim financial statements being a continuation of Reeflex Coil pursuant to the Qualifying Transaction and the non-recurring listing expense incurred therein.

## Related Party Transactions

The following related party transactions occurred during the period:

### Management Fees

During the period, the Company paid management fees of \$105,000 in aggregate to four management companies; 1596680 Alberta Ltd., 1591200 Alberta Ltd., 1594072 Alberta Ltd., and HAP Investments Ltd., all of which are controlled by the former shareholders of Coil. The total amount is recorded at its exchange amount and is included in expense. Also included in Management fees since May 16, 2025, the Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company. Key management personnel include the President and Chief Executive Officer of the Company and the Chief Financial Officer.

### Stock Options

On May 16, 2025, the Company granted 3,050,000 stock options to officers and directors with a term of years at an exercise price of \$0.20 per common share. The fair value of the stock options was calculated with the Black Scholes Option Pricing Model using the following assumptions: a 5-year risk-free rate of 2.53%; expected volatility of 50%; a dividend yield of 0%; and time to maturity of 5-years.

### Intellectual Property

The Company entered into an agreement dated March 24, 2025 to purchase intellectual property from Coil USA for \$40,000. Coil USA has shareholders in common with the Company and is therefore considered a related party. This transaction was recorded at the exchange value. The exchange value was established and agreed upon by the related parties and is in the normal course of operations. Prior to this transaction, the intellectual property was shared between the Company and Coil USA.

## Non-IFRS Financial Measures

"Adjusted EBITDA" is a non-IFRS financial measure used by management to evaluate the Company's operating performance prior to the impact of financing, non-cash items, and other non-recurring costs. The Company believes this measure provides useful insight into its core operating results. Adjusted EBITDA does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other issuers.

The following table provides a reconciliation of net income (loss), the most directly comparable IFRS measure, to Adjusted EBITDA:

	Three months ended May 31,		Nine months ended May 31,	
	2025	2024	2025	2024
Earnings before tax	\$(3,176,914)	\$538,719	\$(3,189,011)	\$1,113,566
Add (deduct):				
Interest	13,595	15,833	55,211	48,353
Taxes	-	-	-	-
Depreciation	82,353	81,819	247,058	245,458
Listing expense	3,445,309	-	3,445,309	-
<b>Adjusted EBITDA</b>	<b>\$364,343</b>	<b>\$636,371</b>	<b>\$558,567</b>	<b>\$1,407,377</b>

## Critical Judgements in Applying Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ materially from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Estimates included in these financial statements include the following:

- i) the percentage of completion revenue recognition calculated an estimate of completion based on company experience, contracted revenue agreements and actual expenditures incurred as stated under note 4.
- ii) the Company assets are amortized based on various percentages on a declining balance or straight-line basis based on the estimate of obsolescence as stated under note 3d)iii.
- iii) income tax payable is estimated at the current corporate tax rate of 23% throughout the year and is adjusted by the actual calculation at year-end.
- vi) inventory is maintained at the lower of cost and net realizable value and is periodically reviewed for its demand and if it is determined no longer of value it would be adjusted to a salvage value

## Financial Instruments

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

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure them at FVTPL.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 – Applies to assets or liabilities for which there is no observable market data or comparable.

The Company’s financial assets include cash, trade and other receivables, advances from related parties, and loans receivable. Financial assets are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method less any provision for impairment. They are classified as either current or non-current based on their maturity date.

The Company's financial liabilities include accounts payable and accrued liabilities, due to related parties, preferred share liability, lease liability and long-term debt. Financial liabilities are initially recognized at fair value and subsequently carried at amortized costs using the effective interest method.

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## Risk Factors

The Company continues to assess and mitigate risks in an evolving market landscape. Key risks include:

- **Market Volatility:** Fluctuations in oilfield service demand may impact revenue.
- **Liquidity Risk:** Ensuring sufficient cash flow to meet obligations remains a priority.
- **Supply Chain Disruptions:** Potential delays in sourcing materials could affect production schedules.
- **Regulatory and Environmental Compliance:** The Company remains proactive in adhering to industry regulations.
- **Management continuously monitors these risks and adjusts operational strategies accordingly.**
- See additional risk disclosure below.

**Trade Policy Risk** Current U.S. trade policies can directly influence costs and market access. For example, any tariff increases, or regulatory changes could raise the expense of imported components and even restrict the flow of goods between the two countries. The growing tariff dispute between Canada and the United State has had significant impact on the movement of goods between Canada and the U.S. and will cause the cost of material sourced in the U.S. to be subject to higher costs.

**Credit risk** is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's trade accounts receivable. The carrying amount of cash and cash equivalents and accounts receivable included on the statement of financial position represent the maximum credit exposure.

The vast majority of the Company's trade accounts receivable are customers involved in the oil and gas industry, and the ultimate collection of the accounts receivable is dependent on both industry related factors and customer specific factors. Industry related factors that may affect collection include commodity prices and access to capital. The Company continuously monitors the recoverability of accounts receivable balances and subject to agreed payment terms, and generally considers the balance to be overdue when it ages.

<u>Aged accounts receivable</u>	<u>Total</u>	<u>Current</u>	<u>31-60</u>	<u>61-90</u>	<u>Over 90 days</u>
May 31, 2025 CAN AR	1,258,833	304,819	183,430	76,151	694,433
May 31, 2025 USA AR	424,251	298,658	123,349	-	2,244
	1,683,084	603,477	306,779	76,151	696,677

**Liquidity risk** is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent reasonably possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable costs or losses or risking harm to the Company's reputation. As at May 31, 2025, the Company

maintained credit facilities which were available to a maximum of \$1.5 million and a long-term debt balance of \$67,468 to ensure the Company has sufficient working capital to operate its business.

The Company expects that cash flow from operations, together with existing and available credit facilities, will be sufficient to fund its presently anticipated requirements for investments in working capital, capital assets, dividend payments and the Company's share repurchases.

<b>Aged accounts payable</b>	<b>Total</b>	<b>Current</b>	<b>31-60</b>	<b>61-90</b>	<b>Over 90 days</b>
May 31, 2025 CAN AP	1,312,543	592,961	719,582	-	-
May 31, 2025 USA AP	93,126	46,490	1,681	-	44,955
	1,405,669	639,450	721,263	-	44,955

**Market risk** is the risk that the fair value of future cash flows of financial assets or liabilities will fluctuate due to movements in market rates. Market risk is comprised of interest rate risk, currency risk and other price risks which consist primarily of fluctuations in commodity prices.

**Currency risk** as the Company operates in both Canada and the U.S., fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar can have an impact on the operating results and the future cash flows of the Company's financial assets and liabilities. The Canadian segment is exposed to foreign exchange risk on U.S. dollar denominated purchases made in the normal course of business and debt held in U.S. dollars. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in U.S. dollars and exchange rates on an ongoing basis.

## **Outlook**

Reeflex remains committed to navigating industry challenges while seeking growth opportunities. Looking ahead, key strategic initiatives include:

- Expanding Market Reach: Exploring opportunities in new geographical markets.
- Enhancing Operational Efficiencies: Continuing cost reduction initiatives.
- Investing in R&D to develop next-generation oilfield solutions.
- Pursuing accretive acquisitions and partnerships in complementary businesses.

Despite current market pressures, the Company appears positioned to manage its operations and sustain long-term shareholder value for several reasons:

The Company concentrates on the production side of the oil and gas sector, which tends to exhibit more stability compared to exploration. The Company has developed technology with potential applications beyond its traditional markets, including in the military and environmental sectors. This diversification could offer additional revenue opportunities. Historical adjustments to market fluctuations and ongoing efforts to improve operational efficiency suggest the Company is taking a pragmatic approach to managing current challenges and planning for the future.

## **Cautionary Note Regarding Forward-Looking Statements**

This MD&A and other publicly available documents, including the documents incorporated herein and therein by reference, contain, and our officers and representatives may from time to time make, "forward-looking statements." Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", "strategy" "future", "likely", "may", "should", "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding Coil's ability to expand market reach, enhance operational efficiencies and create long-term value for stakeholders and Coil's technology offering additional revenue opportunities.

**These scenarios come with considerable risks and uncertainties. Global economic shifts, geopolitical tensions, and unforeseen market events can all disrupt these trends. Any forward-looking statements about the market's future should be viewed with caution. While current policies and market conditions suggest certain trends, actual outcomes may differ due to factors beyond the control of individual companies.**

**The ability of the Company to achieve such goals assumes, among other factors, that:**

- global economic and market conditions will remain favourable;
- commodity prices, particularly in the oil and gas sector, will remain relatively stable;
- customer demand will continue at anticipated levels; and
- the regulatory and competitive environments will not experience material adverse change.

**The following events or circumstances are reasonably likely to cause the actual results to differ. Notwithstanding the above assumptions, a number of events or circumstances could cause actual results to differ materially, including but not limited to:**

- Adverse changes in global or regional economic conditions;
- Significant fluctuations in commodity prices;
- Reduction in customer demand due to decreased CAPEX in the sector or increased amount of substitute products available on market;
- Intensified competitive pressures;
- Changes in regulatory, political, or environmental policies resulting in increased costs which may not be acceptable to customers; and
- Unforeseen operational or supply chain disruptions.

Reeflex does not assume any obligation to update these forward-looking statements except as required by applicable law.