

Kadestone Capital Corp. Announces Private Placement of Convertible Notes and Warrants

Vancouver, British Columbia--(Newsfile Corp. - February 25, 2026) - Kadestone Capital Corp. (TSXV: KDSX) ("Kadestone" or the "Company") is pleased to announce a non-brokered private placement of secured convertible notes ("Convertible Notes") and common share purchase warrants ("Warrants") for aggregate gross proceeds of up to approximately \$5.0 million (the "Private Placement"). The Private Placement is expected to close in one or more tranches, subject to, among other things, receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange (the "TSXV").

The Convertible Notes will mature on the date that is 36 months after issuance (the "Maturity Date"), subject to acceleration upon the occurrence of an event of default, and will bear interest at a rate of 10% per annum, compounded monthly and payable on redemption or conversion. On the Maturity Date, the principal amount of the Convertible Notes, together with accrued and unpaid interest, will be convertible into common shares in the capital of Kadestone ("Common Shares") at the option of the holder at a conversion price of \$0.50 per Common Share (the "Conversion Price"). Notwithstanding the foregoing, any conversion of interest accrued on the Convertible Notes, including the conversion price applicable thereto, will be subject to the prior approval of the TSXV.

Investors will also receive such number of Warrants that is equal to the principal amount of Convertible Notes subscribed for, divided by the Conversion Price. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.60 per Common Share for a period of 36 months, subject to customary adjustments.

The Convertible Notes will automatically convert into Common Shares upon the occurrence of certain events (each, an "Automatic Conversion"), including upon the closing of an equity financing resulting in gross proceeds to the Company of not less than \$25 million (a "Qualifying Transaction") and completion of a sale or other disposition of all or substantially all of the Company's assets (a "Change of Control Transaction"). Where an Automatic Conversion occurs pursuant to a Qualifying Transaction, the principal amount of Convertible Notes, together with accrued and unpaid interest, will automatically convert into Common Shares at a 20% discount to the applicable price per security payable in the Qualifying Transaction, subject to the prior approval of the TSXV. In the event of a Change of Control Transaction, the applicable conversion price will be equal to the Conversion Price, subject to, in the case of accrued and unpaid interest, the prior approval of the TSXV.

The Company will be entitled to repay the principal amount of the Convertible Notes, together with accrued and unpaid interest, at any time and without penalty upon notice to the holders.

The proceeds of the Private Placement will be used to pay down debt and for general corporate purposes.

It is anticipated that certain insiders of Kadestone will subscribe for securities in the Private Placement. The issuances of securities to such insiders will be considered related party transactions within the meaning of TSXV Policy 5.9 - Protection of Minority Securityholders in Special Transactions and Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company intends to rely on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the fair market value of the Private Placement, insofar as it involves the insiders, will not be more than 25% of the Company's market capitalization. The Company expects that closing of the Private Placement will occur within 21 days of this announcement and that it will not file a material change report in respect of this related party transaction at least 21 days before the closing. The Company deems this circumstance reasonable in order to complete the Private Placement in an expeditious manner.

The securities issued pursuant to the Private Placement, including any underlying Common Shares, will be subject to a four-month statutory hold period in accordance with applicable Canadian securities laws.

About Kadestone

Kadestone was established to pursue the investment in, acquisition, development and management of residential and commercial income producing properties, and procurement and sale of building materials within major urban centres and high-growth, emerging markets in Canada. The Company operates five complimentary business lines spanning building materials procurement and supply, property development and construction, construction finance, asset ownership and property management. These synergistic business lines have solidified Kadestone's vision to become a market leading vertically integrated property company. Additional information can be found at www.kadestone.com.

For further information please contact David Negus, CFO, Kadestone Capital Corp., dnegus@kadestone.com, 604 671-8142

ON BEHALF OF THE BOARD

(signed) "Kevin Hoffman"

CEO and Director

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statement Regarding Forward-Looking Statements

Certain information in this press release, including, but not limited to, statements regarding the Company's objectives, goals and future plans, including the Company's ability to identify opportunities and secure additional investments in 2025 and the Company's vision to become a leading vertically integrated property company, may constitute forward-looking information (collectively, "forward-looking statements"), which can be identified by the use of terms such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" (or the negatives) or other similar variations. Because of various risks and uncertainties, including those referenced below, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. As a result, you should not rely on such forward-looking statements. Forward-looking statements reflect material expectations and assumptions, including, without limitation, expectations and assumptions relating to Kadestone's ability to receive sufficient financing to execute its business objectives or plans on acceptable terms or at all; Kadestone's ability to realize the anticipated benefits for its synergistic business lines; and the stability of the financial and capital markets. Additional information identifying assumptions, risks and uncertainties relating to Kadestone is contained in Kadestone's filings with the Canadian securities regulators available at www.sedarplus.ca. These risks include, but are not limited to, Kadestone's requirement of significant additional capital; Kadestone's ability to receive sufficient financing to execute its business objectives or plans on acceptable terms or at all; and those other risks and uncertainties described in the "Risk Factors" section of the Company's final prospectus dated September 2, 2020, and in the Management's Discussion and Analysis for the years ended December 31, 2024 and 2023. The forward-looking statements in this press release are applicable only as of the date of this release or as of the date specified in the relevant forward-looking statement. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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