Avante Corp.
Management's Discussion and Analysis
For the Three and Nine-month Periods Ended December 31, 2025 and 2024
(All amounts are in thousands of Canadian dollars unless otherwise indicated)

This Management's Discussion and Analysis ("MD&A") contains information about the consolidated financial performance and financial position of Avante Corp. (the "Company") as at and for the three and nine-month periods ended December 31, 2025 and 2024, as well as forward-looking information about future periods. The information in this MD&A is current to February 26, 2026 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto as at and for the three and nine-month period ended December 31, 2025 and 2024. This MD&A is authorized for issue by the Board of Directors on February 26, 2026.

The accompanying unaudited condensed interim consolidated financial statements of the Company were prepared by and are the responsibility of the Company's management. The Company's unaudited condensed consolidated financial statements as at and for the three and nine-month period ended December 31, 2025 and 2024 were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards"). All financial amounts in this MD&A are expressed in thousands of Canadian dollars except where otherwise noted. All tables are for the three and nine-month period ended December 31 of the year indicated, unless otherwise stated. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more details.

FORWARD LOOKING INFORMATION

The information set forth in this MD&A may contain statements concerning the Company's future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements or information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking statements are not guarantees of future performance.

These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section of the Annual Information Form the Company filed with regulatory authorities on July 20, 2021 and amended on July 23, 2021. Assumptions relating to the foregoing involve judgements with respect to, among other things, future economic, competitive and market conditions and future business decisions and the successful completion and integration of proposed acquisitions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company's control. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

NON-IFRS ACCOUNTING STANDARDS MEASURES

This MD&A includes certain measures which have not been prepared in accordance with IFRS Accounting Standards such as operating expenses as a % of revenue, recurring monthly revenue ("RMR"), EBITDA and Adjusted EBITDA. These non-IFRS Accounting Standards measures are not recognized under IFRS Accounting Standards and, accordingly, users are cautioned that these measures should not be construed as alternatives to net income, revenue or operating expenses as applicable, determined in accordance with IFRS Accounting Standards. The non-IFRS Accounting Standards measures presented are unlikely to be comparable to similar measures presented by other issuers.

References to EBITDA are to net income before interest, taxes, depreciation and amortization. References to Adjusted EBITDA are to net income before interest, taxes, depreciation, amortization, share-based payments, acquisition, integration and / or reorganization costs, impairment loss, loss (gain) in fair value of derivative liability, and expensing of fair value adjustment per IFRS Accounting Standards. References to recurring monthly revenue, or RMR, represent revenue during the fiscal period that benefited from contractual periodic billing to customers, typically monthly, quarterly or annually and is a revenue measure not recognized by IFRS Accounting Standards. Neither EBITDA nor Adjusted EBITDA is an earnings measure recognized by IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS Accounting Standards. The Company's management believes that Adjusted EBITDA is an appropriate measure in evaluating the Company's performance. Readers are cautioned that neither EBITDA nor Adjusted EBITDA should be construed as an alternative to net income or loss, and RMR should not be construed as an alternative to revenues, (as each are determined under IFRS Accounting Standards), as an indicator of financial performance or to cash flow from operating activities (as determined under IFRS Accounting Standards) or as a measure of liquidity and cash flow. The Company's method of calculating RMR, EBITDA and Adjusted EBITDA may differ from methods used by other issuers and, accordingly, the Company's reported RMR, EBITDA and Adjusted EBITDA may not be comparable to similar measures used by other issuers.

A reconciliation of net income or loss (as determined under IFRS Accounting Standards) to EBITDA and Adjusted EBITDA is provided in the Reconciliation of Non-IFRS Accounting Standards Measures section of this MD&A. Reconciliations of RMR to revenue, and direct adjusted operating expenses to total operating expenses is provided in the applicable sections of this MD&A.

OVERVIEW OF AVANTE AND HIGHLIGHTS

Avante Corp. is an Ontario corporation listed on the TSX Venture Exchange (TSXV: XX). Avante Security provides premium security services for residential and condominium customers in Toronto and Muskoka, Ontario, through the use of advanced technology and a focus on client service. Avante Security's business provides a complete offering ranging from system design, sales, installations, and monitoring to services such as alarm response and patrols, personal protection, house staff training, and secure transportation. Avante Security has a specialized skillset in high-rise security integration, monitoring and electronic building management. It also provides consulting and installation of automation and security solutions for the high-end residential market. Avante Security's signature offerings are its Rapid Alarm Response services, and its Intelligent Perimeter Protection Video Analytics. Avante Security also provides extensive offerings, which include Closed Circuit Television ("CCTV"), access controls and security services for travelling executives. Avante Security uses its proprietary two-way wireless communication technology for security and in other market segments for various remote control and monitoring functions.

Avante Black, a division of Avante Security, offers highly specialized services that are bespoke to specific needs of the client for a specific purpose. Services offered include specialized security services providing 24 hour, 7 days a week, 365 days security, cyber monitoring, investigations and international secured transportation. North Star Support Group S.R.L. ("NSSG"), which is a risk management and security company, primarily specializes in offering international secured transportation, investigation services, medical services, emergency SOS services and sophisticated cyber sentiment monitoring and sensitive investigations tailored for executive customers on a global scale. The Reserve offers security for high-value vehicle owners in Toronto, Ontario.

As at December 31, 2025, the Company's full-time and part-time headcount was 199, the same number of employees as at March 31, 2025.

BACKGROUND COMPANY HISTORY

Avante was founded in 1996 and publicly listed in 2008. Avante Security provides security services to residential and commercial customers in central Toronto and Muskoka, Ontario, as well as providing Secured Transportation and Investigation Services globally. Avante Corp. is the parent company providing centralized services such as information technology, marketing, human resources, finance, and general management for its operating entities.

As of October 1, 2023, the Company purchased a 55% stake in North Star Support Services ("NSSG"), expanding its global reach. The Company sees synergies with the combined entity, where NSSG will benefit from technology developed by Avante Corp. and Avante Corp. will benefit from NSSG's corporate relationships. NSSG also provides services to Avante Corp.'s clients via its network of vetted suppliers for international secured transport.

Avante provides the following key services to its clients: "Protective Services", "Rapid Alarm Response", "Monitoring & Managed Services" and "Electronic Security". Included within these services are secured transport, investigation services, cyber sentiment monitoring, sentiment analysis, international close protection and escort.

Protective Services

Avante's Protective Services are built on the principle of proactive, intelligent security solutions tailored for its residential and commercial clientele. From guarding and patrol services to rapid alarm response, secure transport, and international travel security advisory, the Company prioritizes providing quick response and service with a single call.

A significant portion of the Company's services operate on a contractual, monthly recurring revenue model, ensuring long-term client relationships and predictable cash flows.

During the quarter, the Company completed over 300,000 patrols and over 900 secured transports.

Avante has expanded its Protective Service offerings by providing duty-of-care and corporate services to large multi-national corporations. The Company provides additional services for many top financial institutions and multiple CEOs such as rapid response for their residences, including primary, international and country homes, travel risk management, close protection, secure transport, workplace threat assessments, as well as AI video solutions and security systems.

Avante Black provides an enhanced level of investigation and protection for select clients. The service provides investigations, cyber monitoring, international secured transport and dedicated 24-hour guarding for high profile clients.

Rapid Alarm Response

Avante's hallmark Rapid Alarm Response service combines speed, precision, and reliability. The Avante Control Centre (ACC) deploys patrol vehicles instantly upon receiving Halo video triggers or Smartboxx signals or client calls, maintaining an average response time of under six minutes. The Company's focus on geographic zones within key neighborhoods allows patrol teams to stay near clients' residences at all times. During the quarter, the Company attended over 1,900 alarm events.

This rapid-response capability is critical to deterring threats and minimizing risks, enhancing client trust and satisfaction.

Monitoring & Managed Services

Avante's Monitoring & Managed Services redefine security through innovation and operational excellence. Operating from the state-of-the-art Avante Control Centre (ACC), this service ensures 24/7/365 protection, blending advanced technology with expert human oversight to deliver unmatched security outcomes.

Avante's dual-factor monitoring system, using its proprietary Smartboxx and its Halo AI-enhanced video monitoring allows for rapid response and immediate emergency dispatch. Avante's video monitoring services are enhanced by its proprietary Halo technology. Halo enhances security monitoring with unparalleled precision in detecting limbs and not only full silhouettes. Halo AI includes facial recognition, weapon and gun detection.

Avante also provides CCTV and Remote access for real-time monitoring and visual records of events.

These capabilities deliver comprehensive, customizable security solutions tailored to high-net-worth clients and their unique properties. By pairing technology with human expertise, Avante provides seamless security and operational excellence.

Avante Verified, the Company's human-in-the-loop solution integrates AI-driven alerts with human expertise, to ensure accurate verification of incidents such as gun detection, intrusion, and facial recognition. This hybrid approach reduces false alarms and enhances trust in monitoring capabilities.

In late 2023, Avante with a partner, launched The Reserve, a secured vehicle storage facility. The Reserve is a climate-controlled facility equipped with 24-hour surveillance, a non-passable crash gate and provides the Company's clients with short-term and long-term solutions for vehicle storage.

The Argus App/Button is an advanced personal safety solution designed for high-net-worth individuals, executives, and families who demand immediate, reliable access to emergency services—no matter where they are in the world. The service provides emergency activation, real-time tracking and two-way communication. The Company has deployed Argus to over 500 executives.

MAST (Mobile Autonomous Security Tower) is Avante Security's latest innovation in autonomous security technology, designed to provide comprehensive, self-sustaining surveillance for a wide range of environments. This cutting-edge solution represents a major leap forward in security technology by combining solar-powered sustainability, a backup

generator, advanced AI-driven analytics, and seamless mobility. MAST is ideal for temporary deployments, areas with limited infrastructure, and large spaces requiring continuous monitoring. MAST is powered by Avante's proprietary Halo technology which allows it to detect people and objects and provides facial recognition and gun detection. A smaller version of MAST, called Boxx-E, has been developed for situations where the MAST footprint is too large and electricity is present. The Company has on-going discussions with municipalities, construction groups and energy-sector operators. The Company recently deployed multiple units to various construction companies and storage yards in Ontario. With a wide variety of use cases, Avante expects substantial growth in this segment of the business. The Company currently has over 20 MAST and Boxx-E units deployed or scheduled to be deployed with monthly orders of additional units. The Company has finalized a scalable MAST design and has created a supply chain where fully completed MAST units can be delivered to any port of entry, world-wide, ready for deployment.

The Company has introduced wave technology for shot-gun detection and has signed an agreement with a large police force in the GTA for a pilot project. The Company has added this technology to its MAST product to allow for gunshot detection in addition the physical carrying of a firearm.

Electronic Security

Avante's Electronic Security Services offer a full suite of custom-designed solutions, including; System design and Installation; Keyless Access and Video Systems; and Seasonal Flexibility.
Revenues for this segment are largely project-driven and subject to quarter-to-quarter variability. Despite seasonal trends, the Company's innovative solutions ensure consistent demand. The Company closed major deals with two large condo projects in the GTA to provide a suite of services including Access Control, CCTV and electronic monitoring.

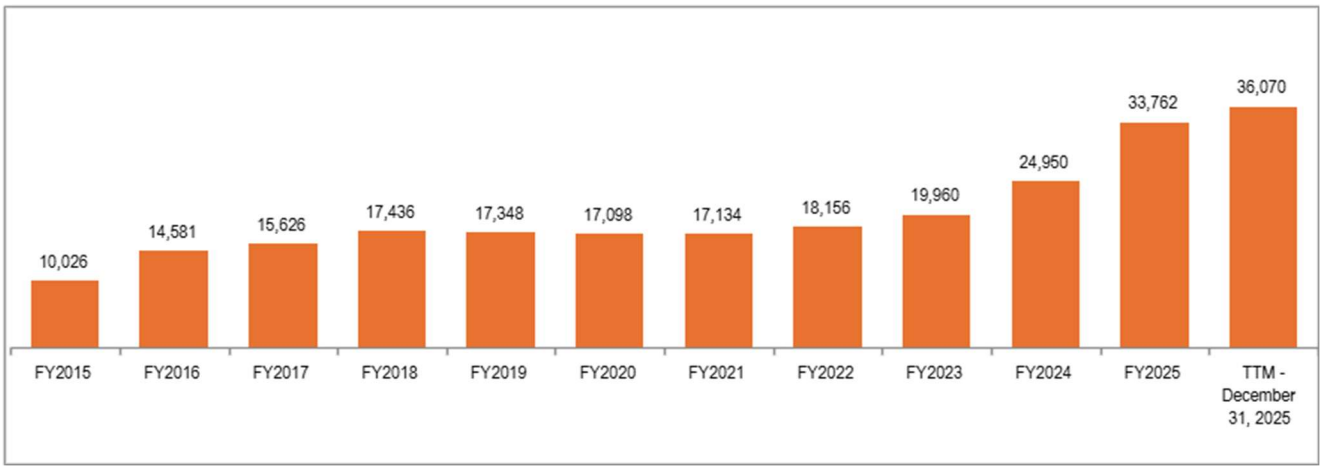
Homeworxx provides luxury home management for Avante's clients. The Company provides trusted, vetted and security background checks for vendors providing services to its clients. Avante oversees quality control, scheduling and management and coordination of contractor teams for its clients' home maintenance and improvements. The service includes but is not limited to, seasonal maintenance, landscaping, home fortification, repairs to damaged properties and personal home management concierge services. An increase of larger projects including full basement renovations have now been closed, proving the trust clients have on a vetted trade offering under the Avante brand.

The Company is currently testing AVA – an AI Assistant to assist the client care team in trouble-shooting alarm system issues as well as providing automated information to the client regarding their account.

GROWTH STRATEGY

Since the Company's new Board of Directors was established on March 30, 2022, the Company's revised strategy is to focus on providing security services to commercial and residential customers with security service excellence that exceeds customers' expectations locally and internationally. By introducing new and innovative security solutions for our clients, the Company continues to remain as the trusted partner for our clients for all their security-related issues.

Avante's revenues are accelerating. The Company has experienced strong growth in revenues from fiscal year 2023 to 2025 and this has continued in fiscal year 2026. Historical consolidated annual revenues from continuing operations of the Company, excluding prior divestitures, are summarized below:



The Company's long-term strategy includes the following attributes:

1. Seek organic growth from onboarding new customers within Avante Security's existing geographical areas of strength in the Toronto and Muskoka regions of Ontario;
2. Expand the Company's core services by acquiring similar enterprises in highly selective target markets, with follow on support of acquired leadership teams by leveraging Avante's "Service Excellence" vision and expertise;
3. Invest in new technologies, and leverage third party technologies, to enhance offerings in cyber security and machine vision to detect or predict future threats to personal safety and security and to mitigate catastrophic events through predictive analysis of data;
4. Enhance service offerings to new and existing clients, by leveraging trusted relationships to manage the home, with highly trained internal staff and trusted third parties;
5. Leverage Avante Security's state of the art Avante Control Centre ("ACC"); and
6. Increase international security coverage for clients using services such as international secured transport, medical services and emergency SOS services on a global scale.

CONSOLIDATED FINANCIAL OBJECTIVES AND OUTLOOK

The Company's long-term financial objectives serve as a guide in developing our strategy. The Company's long-term financial objectives are:

- Build recurring revenues;
- Achieve above-average consolidated Adjusted EBITDA margins;
- Achieve growth in adjusted net income per share;
- Reinvest cashflow in future business growth.

SELECTED FINANCIAL INFORMATION

The following selected financial information for the three-month period ended December 31, 2025 and 2024 have been derived from the unaudited condensed consolidated financial statements and should be read in conjunction with those financial statements and related notes. Non-IFRS Accounting Standards measures are defined and reconciled in the Reconciliation of Non-IFRS Accounting Standards Measures section of this MD&A or in the applicable section of this MD&A in respect of direct or adjusted operating expenses and recurring monthly revenues.

	FY2024 (restated)	FY2025				FY2026		
$ in thousands, unless otherwise noted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenues	7,259	7,915	8,089	8,412	9,347	8,747	8,879	9,098
Cost of goods sold	4,048	4,909	4,612	4,970	6,013	5,429	5,166	5,298
Gross profit	3,211	3,006	3,477	3,441	3,334	3,319	3,714	3,799
Gross profit margin	44.2%	38.0%	43.0%	40.9%	35.7%	37.9%	41.8%	41.8%
Adjusted direct operating expenses	4,575	2,883	3,216	2,733	3,286	2,805	3,146	3,228
Adjusted direct operating expenses as a percent of revenue	63.0%	36.4%	39.8%	32.5%	35.2%	32.1%	35.4%	35.5%
Adjusted EBITDA from continuing operations	385	363	338	770	287	360	584	637
Total adjusted EBITDA	385	363	338	770	287	360	584	637
Total comprehensive income/(loss)	(2,089)	(128)	(914)	(148)	(913)	15	34	116

Results for the Three-Month Period Ended December 31, 2025 and 2024

Revenues

Revenues for the three-month period ended December 31, 2025, were $9.10 million, compared with $8.41 million for the prior fiscal year's third quarter, an increase of $0.69 million, or 8.2%. While several divisions experienced annual growth, the Company's Secured Transport division experienced an increase of 43% in revenue compared to the same period in the previous year and Protective Services reported an increase of 17%. The Company's Investigations divisions saw a decrease in revenues of 17.8% compared to the same period in the previous year and the Consulting division in NSSG saw a decrease of 51.4%.

Within total revenues, the Company generates recurring monthly revenues as summarized in the table below for each of the most recent eight fiscal quarters:

	FY2024 (restated)	FY2025				FY2026		
$ in thousands, unless otherwise noted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Recurring	3,019	3,262	3,309	3,741	3,524	4,062	4,192	4,206
Other revenue	4,240	4,653	4,780	4,671	5,822	4,685	4,688	4,891
Total revenue	7,259	7,915	8,089	8,412	9,347	8,747	8,879	9,098
Recurring as a % of total revenue	41.6%	41.2%	40.9%	44.5%	37.7%	46.4%	47.2%	46.2%

Recurring Monthly revenue was $4.21 million for the three-month period ended December 31, 2025, compared to $3.74 million during the prior fiscal year's third quarter, an increase of $0.47 million, or approximately 12.4%,

reflecting net growth in monitoring customers and the introduction of new, recurring revenue services to our client base.

Gross Profit and Gross Profit Margin

Gross profit was $3.80 million for the three-month period ended December 31, 2025, an increase of $0.35 million or 10.4% over the prior fiscal year's third quarter. Gross Margin percentages were as follows during the most recent eight fiscal quarters:

	FY2024 (restated)	FY2025				FY2026		
$ in thousands, unless otherwise noted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Gross profit	3,211	3,006	3,477	3,441	3,334	3,319	3,714	3,799
Gross margin	44.2%	38.0%	43.0%	40.9%	35.7%	37.9%	41.8%	41.8%

The Gross Margin percentage showed a slight increase during the three-month period ended December 31, 2025 at 41.8%, compared to 40.9% in the prior fiscal year's third quarter.

Operating Expenses

Operating expenses, excluding depreciation, amortization, commission amortization, share based payments and software cost impairment, for the three-month period ended December 31, 2025, were $3.23 million, compared to $2.73 million during the prior fiscal year's third quarter. This is mainly due to the same period in the previous year including a software cost impairment of $(.38) million which was not repeated this year and an increase in salary costs. The Company continues to focus on identifying areas that can be more efficient and streamlining its operations to reduce operating expenses.

	FY2024 (restated)	FY2025				FY2026		
$ in thousands, unless otherwise noted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Operating expenses	5,762	3,314	3,647	3,596	3,750	3,236	3,560	3,681
Less:								
Depreciation	(252)	(245)	(246)	(267)	(260)	(244)	(234)	(255)
Amortization	(197)	(161)	(161)	(161)	(161)	(168)	(166)	(165)
Commission amortization	(3)	(1)	(1)	(2)	(1)	-	-	-
Share-based payments	(39)	(23)	(23)	(50)	(42)	(18)	(14)	(33)
Software cost impairment	-	-	-	(383)	-	-	-	-
Adjusted operating expenses	5,271	2,883	3,216	2,733	3,286	2,805	3,146	3,228
Revenue	7,259	7,915	8,089	8,412	9,347	8,747	8,879	9,098
Operating expense as a % of revenue	72.6%	36.4%	39.8%	32.5%	35.2%	32.1%	35.4%	35.5%

Interest income and expense

Total net interest expense for the three-month period ended December 31, 2025 was $0.06 million and was the same during the prior fiscal year's third quarter. Total net interest expense for the nine-month period ended December 31, 2025 was $0.21 million and is in line with the same period in the prior fiscal year. For the three-month and nine-month periods ended December 31, 2025 and 2024, the Company invested cash balances into guaranteed investment certificates.

EBITDA and Adjusted EBITDA From Continuing Operations

EBITDA and Adjusted EBITDA for the three-month period ended December 31, 2025, was $0.58 million and $0.82 million as compared to the prior fiscal year's first quarter EBITDA and Adjusted EBITDA of $0.34 million and $0.77 million respectively.

The composition of EBITDA and Adjusted EBITDA over the Company's most recent eight quarterly fiscal periods:

	FY2024 (restated)	FY2025				FY2026		
$ in thousands, unless otherwise noted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenues	7,259	7,915	8,089	8,412	9,347	8,747	8,879	9,098
Gross profit	3,211	3,006	3,477	3,441	3,334	3,319	3,714	3,799
Gross profit margin	44.2%	38.0%	43.0%	40.9%	35.7%	37.9%	41.8%	41.8%
Net income/(loss)	**(2,087)**	**(128)**	**(909)**	**(155)**	**(862)**	**11**	**83**	**92**
Interest income and expense	292	24	131	64	58	69	86	61
Income taxes/deferred tax	(86)	-	-	(2)	395	17	-	7
Amortization on capitalized commission	3	1	1	2	1	-	-	-
Depreciation on capital assets	252	245	246	267	260	244	234	255
Amortization	197	161	161	161	161	168	166	165
EBITDA	**(1,430)**	**304**	**(369)**	**337**	**13**	**509**	**569**	**581**
EBITDA from discontinued operations	-	-	-	-	-	-	-	-
Total EBITDA	**(1,430)**	**304**	**(369)**	**337**	**13**	**509**	**569**	**581**
Share-based compensation (excluding PSU)	39	23	23	50	42	18	14	33
Reorganization and acquisition costs	(228)	36	684	-	-	-	-	-
Long-term employee benefits	2,000	-	-	-	233	(168)	-	211
Software cost impairment	-	-	-	383	-	-	-	-
Deferred finance fees	-	-	-	-	-	-	-	-
Adjusted EBITDA from continuing operations	**382**	**363**	**338**	**770**	**287**	**360**	**584**	**824**
Adjusted EBITDA from discontinued operations	-	-	-	-	-	-	-	-
Total Adjusted EBITDA	**382**	**363**	**338**	**770**	**287**	**360**	**584**	**824**
Total comprehensive income/(loss)	(2,089)	(128)	(914)	(148)	(913)	15	34	116
Comprehensive income/(loss)	2,068	(120)	(900)	(144)	(862)	11	83	92
Basic and fully diluted earnings per share	$ (0.114)	$ (0.005)	$ (0.034)	$ (0.005)	$ (0.032)	$ 0.001	$ 0.003	$ 0.004
Total assets	25,170	25,187	23,462	23,957	23,046	22,544	23,002	23,823
Senior funded debt	-	-	-	-	-	-	-	-
Total debt and lease obligations, IFRS	1,380	1,358	1,392	1,392	1,257	1,255	1,196	1,311

1. For non-IFRS measures see Reconciliation of Non-IFRS Measures section of this MD&A

A reconciliation of earnings to Adjusted EBITDA is provided in the Reconciliation of Non-IFRS Accounting Standards Measures section.

Restructuring and Acquisition Charges

The Company incurred reorganization and acquisition costs in the amount of $nil million for the three-month and nine-month periods ended December 31, 2025. For the three-month period ended December 31, 2024, the Company incurred reorganization and acquisition costs in the amount of $0.68 million and a total of $0.72 million for the nine-month period ended December 31, 2024. These costs included $0.25 million of software development fees and $0.15 million of consulting fees related to business acquisition.

Balance Sheet

Total assets increased by $0.78 million during the nine-month period ended December 31, 2025 compared to the prior year-end as at March 31, 2025. Total liabilities increased by $0.55 million, or 5.3%, during the nine-month period ended December 31, 2025 compared to the prior year-end as at March 31, 2025.

During the nine-month period ended December 31, 2025, Cash and cash equivalent balances increased by $0.24 million. Accounts receivable increased by $0.08 million. Accounts payable and accrued liabilities decreased by $0.59 million, a reduction of 16.3%.

Total equity increased by $0.23 million during the nine-month period ended December 31, 2025.

BUSINESS SEGMENT OPERATING RESULTS

With the acquisition of NSSG, the Company now has two reportable segments consisting of Avante Security and NSSG. Avante Security focuses on providing residential and commercial customers with Protective Services, Electronic Security, Monitoring & Managed Services within central Toronto and Muskoka, Ontario while NSSG offers international secured transportation, investigative and consulting services.

Revenues during the nine-month period ended December 31, 2025 from Avante Security was $22.80 million, representing an increase of $1.21 million compared to the nine-month period ended December 31, 2024. Gross profit for Avante Security for the nine-month period ended December 31, 2025 was $8.49 million, compared to $8.34 million during the nine-month period ended December 31, 2024, with gross profit margins of 37.3% compared to 38.6%.

Revenues from NSSG for the nine months ended December 31, 2025 were $4.66 million, representing an increase of $1.71 million compared to the nine-month period ended December 31, 2024. Gross profit for NSSG for the nine-month period ended December 31, 2025 was $2.34 million, compared to $1.58 million during the nine-month period ended December 31, 2024, with gross profit margins of 50.2% compared to 47.6%.

Protective Services

The Company's Protective Services are focused on offering physical protection to residential and commercial clients. Services include guarding, patrol and rapid response, intelligent perimeter protection, secure transport, and international security travel advisory and transport. These services are predominately contractual and recur on a monthly basis. These services also include recurring monthly revenues in respect of rapid response services. Revenues for the three-month period ended December 31, 2025 were $2.96 million, a significant increase of 17% compared to the same period in the prior fiscal year when revenues were $2.53 million.

Avante Black

Avante Black provides International Secured Transport, Investigation Services, Medical Services, Specialized Security Services, and high-end cyber sentiment and sensitive investigations. The Company achieved revenues of $1.06 million in the three-month period ended December 31, 2025, an increase of 31.6% compared to the same period in the prior fiscal year when revenues were $0.81 million.

Electronic Security

The Company's Electronic Security services provide a complete suite of home security services including system design, keyless access, and video and systems installation and service. These sophisticated security systems are comprised of computer software and hardware and third-party wireless and locating technologies. The Company conducts a security assessment of each customer site and provides various recommendations that range from security industry standards to the Company's recommended highly secure system design. The

installation of the security system is performed by the Company's qualified technical staff and as required, by approved third party sub-contractors. Revenues for this service type are largely project driven, thus revenues from quarter to quarter, and year to year, will vary depending on the timing of project milestones being achieved. There is some seasonality to the Electronic Security activities as residential clients typically schedule project work outside the summer months and year-end holiday season. The Company achieved revenues of $2.19 million for the three-month period ended December 31, 2025, compared to $2.44 million for the same period in the prior fiscal year.

Monitoring & Managed Services

The Company's Monitoring & Managed Services provides monitoring services to residential and commercial clients. These services include alarm and video monitoring, analytics, verification, and electronic building management. The Company utilizes its Avante Control Centre ("ACC") in Toronto as the central hub for monitoring, dispatch and response. The ACC operates 24 hours a day, 365 days a year.

Our monitoring services are provided through multiple channels using various technologies and equipment. Architects and builders use the services to view project progress from remote locations and homeowners station operators can view sites when alarm signals are received.

Alarm signals are communicated simultaneously through traditional landline facilities to primary response centres and wirelessly to the ACC. The primary response centres are operated by ULC (Underwriters Laboratories of Canada) approved third parties. The ULC is an independent, non-profit standards development organization for product safety testing, certification and inspection.

Avante Security's Dual Monitoring service provides both traditional ULC Digital Monitoring and real-time wireless Smartboxx monitoring. Both signals are received at our ACC, which has the superior benefit of wireless "anytime anyplace" communication, allowing immediate response to an alarm signal. Avante Security's response vehicles for Toronto-customer locations physically arrive at the clients' premises, typically, within six minutes on average.

The monitoring function is provided by physical on-site inspections and can also be monitored remotely via CCTV and web-cameras. CCTV systems are installed to monitor multiple locations concurrently and to provide a visual record in the event of an incident. Some clients also choose to pay for advanced analytics services utilizing artificial intelligence to detect unusual activity based on the CCTV live feeds sent to the ACC. The Company achieved revenues of $1.54 million for the three-month period ended December 31, 2025, compared to $1.41 million for the same period in the prior fiscal year.

NSSG

NSSG revenue was derived from international secured transportation, investigations and consulting. Revenue for the three-month period ended December 31, 2025 was $1.33 million (three-month period ended December 31, 2024: $1.22 million). The gross profit for the three-month period ended December 31, 2025 was $0.82 million (three-month period ended December 31,, 2024: $0.71 million), with gross profit margins of 55.3% (three-month period ended December 31, 2024: 58%).

Segment Reporting:

The Company's management has determined that the Company's operations are organized into two segments consisting of Avante Security and NSSG.

A summary of segment operating performance during the three-month and nine-month periods ended December 31, 2025 and the prior three-month and nine-month periods ended December 31, 2024 comparative is provided below:

	For the three-month period ended December 31, 2025				
$ in thousands, unless otherwise noted	Avante Security (ASI + The Reserve 51%) $	NSSG $	Corporate $	Intersegment eliminations $	Total $
Revenues	7,765	1,481	-	(148)	9,098
Cost of sales	4,784	662	-	(148)	5,298
Gross profit	**2,981**	**819**	**-**	**-**	**3,799**
Direct operating expenses	1,372	687	1,202	-	3,261
Other operating expenses	242	35	143	-	420
Total operating expenses	**1,614**	**722**	**1,345**	**-**	**3,681**
Other (income)/expenses	117	(6)	(92)	-	19
Reorganization and acquisition costs	-	-	-	-	-
Provision for income taxes	-	7	-	-	7
Net income(/loss)	**1,250**	**95**	**(1,252)**	**-**	**92**
Current income tax expense/(recovery)	-	7	-	-	7
Deferred income tax expense/(recovery)	-	-	-	-	-
Interest income and expense	141	1	(81)	-	61
Amortization on capitalized commission	-	-	-	-	-
Depreciation and amortization	242	35	143	-	420
EBITDA	**1,632**	**139**	**(1,191)**	**-**	**581**
Share-based compensation	-	-	33	-	33
Reorganization and acquisition costs	-	-	-	-	-
Long-term employee benefits	-	-	211	-	211
Software cost impairment	-	-	-	-	-
Adjusted EBITDA	**1,632**	**139**	**(947)**	**-**	**824**

	For the nine-month period ended December 31, 2025				
	Avante Security (ASI + The Reserve 51%)	NSSG	Corporate	Intersegment eliminations	Total
$ in thousands, unless otherwise noted	$	$	$	$	$
Revenues	22,797	4,661	-	(735)	26,724
Cost of sales	14,305	2,322	-	(735)	15,892
Gross profit	**8,493**	**2,339**	**-**	**-**	**10,832**
Direct operating expenses	5,608	1,800	1,837	-	9,245
Other operating expenses	646	82	504	-	1,231
Total operating expenses	**6,254**	**1,882**	**2,340**	**-**	**10,476**
Other (income)/expenses	391	50	(298)	-	144
Reorganization and acquisition costs	-	-	-	-	-
Provision for income taxes	-	25	-	-	25
Net income(/loss)	**1,848**	**381**	**(2,042)**	**-**	**187**
	-	-	-	-	-
Current income tax expense/(recovery)	-	25	-	-	25
Deferred income tax expense/(recovery)	-	-	-	-	-
Interest income and expense	430	18	(232)	-	216
Amortization on capitalized commission	-	-	-	-	-
Depreciation and amortization	646	82	504	-	1,231
EBITDA	**2,923**	**507**	**(1,771)**	**-**	**1,659**
	-	-	-	-	-
Share-based compensation	-	-	65	-	65
Reorganization and acquisition costs	-	-	-	-	-
Long-term employee benefits	-	-	43	-	43
Software cost impairment	-	-	-	-	-
Adjusted EBITDA	**2,923**	**507**	**(1,663)**	**-**	**1,767**

	For the three-month period ended December 31, 2024				
	Avante Security	NSSG	Corporate	Intersegment eliminations	Total
Revenues	$ 7,189	$ 1,232	$ -	$ (10)	$ 8,412
Cost of sales	4,463	518	-	(10)	4,970
Gross profit	2,727	715	-	-	3,441
Direct operating expenses	1,668	552	897	-	3,116
Other operating expenses	226	30	223	-	480
Total operating expenses	1,894	582	1,119	-	3,596
Other (income) expenses	127	(2)	(123)	-	2
Reorganization and acquisition costs	-	-	-	-	-
Provision for income taxes	1	(1)	(1)	-	(2)
Net income (loss)	**704**	**135**	**(995)**	-	**(155)**
Current income tax expense (recovery)	-		-	-	-
Deferred income tax expense (recover)	-	(2)	-	-	(2)
Interest income & expense	179	(5)	(110)	-	64
Depreciation and amortization	224	30	174	-	428
EBITDA	**1,109**	**159**	**(932)**	-	**337**
Share based compensation	-	-	50	-	50
Reorganizaton and acquisition	-	-	-	-	-
Software cost Impairment	-		383	-	383
Adjusted EBITDA	**1,110**	**160**	**(499)**	-	**770**

	For the nine-month period ended December 31, 2024				
	Avante Security	NSSG	Corporate	Intersegment eliminations	Total
Revenues	$ 21,583	$ 2,949	$ -	$ (117)	$ 24,415
Cost of sales	13,244	1,365	-	(117)	14,492
Gross profit	8,340	1,585	-	-	9,925
Direct operating expenses	5,612	1,687	1,921	-	9,218
Other operating expenses	625	96	614	-	1,339
Total operating expenses	6,237	1,784	2,536	-	10,557
Other (income) expenses	309	34	(503)	-	(160)
Reorganization and acquisition costs	-	-	720	-	720
Provision for income taxes	-	(2)	-	-	(2)
Net income (loss)	**1,793**	**(232)**	**(2,752)**	-	**(1,192)**
Current income tax expense (recovery)	-	-	-	-	-
Deferred income tax expense (recovery)	-	(2)	-	-	(2)
Interest income & expense	357	14	(152)	-	219
Amortization on capitalized commission	4	-	-	-	4
Depreciation and amortization	625	100	519	-	1,242
EBITDA	**2,778**	**(120)**	**(2,386)**	-	**272**
Share based compensation	-	-	95	-	95
Reorganizaton and acquisition	-	-	720	-	720
Software cost Impairment	-	-	383	-	383
Adjusted EBITDA	**2,778**	**(120)**	**(1,187)**	-	**1,471**

A summary of segment operating performance for the last eight fiscal quarters is below. Please note that Q4, 2024 NSSG figures represent the combined results of Q3, 2024 and Q4, 2024.

	FY2024 (restated)	FY2025				FY2026		
$ in thousands, unless otherwise noted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue								
Avante Security (ASI + The Reserve 51%)	5,655	7,136	7,258	7,189	8,099	7,147	7,885	7,765
NSSG	1,891	830	887	1,232	1,351	1,875	1,306	1,481
Intersegment eliminations	(287)	(51)	(56)	(10)	(103)	(275)	(312)	(148)
Total Revenue	**7,259**	**7,915**	**8,089**	**8,412**	**9,347**	**8,747**	**8,879**	**9,098**
COGS	-	-	-	-	-	-	-	-
Avante Security (ASI + The Reserve 51%)	3,387	4,536	4,245	4,463	5,538	4,702	4,818	4,784
NSSG	948	424	423	518	578	1,001	659	662
Intersegment eliminations	(287)	(51)	(56)	(10)	(103)	(275)	(312)	(148)
Total COGS	**4,048**	**4,909**	**4,612**	**4,970**	**6,013**	**5,428**	**5,165**	**5,298**
Gross Profit								
Avante Security (ASI + The Reserve 51%)	2,268	2,600	3,013	2,727	2,561	2,445	3,067	2,981
NSSG	943	406	464	715	772	874	646	819
Intersegment eliminations	-	-	-	-	-	-	-	-
Total Gross Profit	**3,211**	**3,006**	**3,477**	**3,441**	**3,334**	**3,319**	**3,714**	**3,799**
Gross Margin								
Avante Security (ASI + The Reserve 51%)	40.1%	36.4%	41.5%	37.9%	31.6%	34.2%	38.9%	38.4%
NSSG	49.9%	48.9%	52.3%	58.0%	57.2%	46.6%	49.5%	55.3%
Intersegment eliminations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Gross Margin	**44.2%**	**38.0%**	**43.0%**	**40.9%**	**35.7%**	**37.9%**	**41.8%**	**41.8%**
Operating Expenses								
Avante Security (ASI + The Reserve 51%)	2,436	2,010	2,333	1,894	2,305	2,263	2,377	1,614
NSSG	1,260	628	573	582	656	582	578	722
Corporate	2,064	675	741	1,119	789	390	606	1,345
Total OpEx	**5,759**	**3,314**	**3,647**	**3,596**	**3,750**	**3,236**	**3,560**	**3,681**
Avante Security (ASI + The Reserve 51%)	(168)	590	680	832	256	182	690	1,367
NSSG	(317)	(223)	(109)	132	117	291	69	96
Corporate	(2,064)	(675)	(741)	(1,119)	(789)	(390)	(606)	(1,345)
Income/(loss) before other income and expenses	**(2,548)**	**(308)**	**(170)**	**(155)**	**(417)**	**83**	**153**	**119**
Miscellaneous income/(expense)	437	248	95	66	(13)	59	60	32
Foreign exchange gain/(loss)	3	(8)	(18)	(3)	20	(44)	(44)	10
Depreciation	252	245	246	267	260	244	234	255
Amortization	197	161	161	161	161	168	166	165
Amortization on capitalized commission	3	1	1	2	1	-	-	-
Share-based payments	39	23	23	50	42	18	14	33
Long-term employee benefits	2,000	-	-	-	233	(168)	-	211
Software cost impairment	-	-	-	383	-	-	-	-
Adjusted EBITDA	**382**	**363**	**338**	**770**	**287**	**360**	**584**	**824**
	-	-	-	-	-	-	-	-
Adjusted EBITDA from Avante Security (ASI + The Reserve 51%)	(33)	789	879	1,110	468	402	889	1,632
Adjusted EBITDA from NSSG	(262)	(186)	(94)	160	139	293	75	139
Adjusted EBITDA from Corporate	678	(240)	(448)	(500)	(320)	(335)	(381)	(947)
Adjusted EBITDA	**383**	**363**	**338**	**770**	**287**	**360**	**584**	**824**

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of liquidity are cash provided from operations and credit available under its $2 million, senior secured, revolving credit facility that is currently undrawn as of December 31, 2025. In addition, on July 7, 2022, the Company entered into definitive agreements for a $10 million, unsecured term loan facility

with affiliates of Fairfax. Therefore, the Company has $12 million available to it with currently $0 drawn. The Company expects that continued cash flow from operations, together with cash and cash equivalents on hand, and available credit facilities, will be more than sufficient to fund its requirements for investments in working capital and capital assets over the next twelve months in the ordinary course of business.

In the near term, the Company intends to finance its growth strategy through, if required, one or more issuances of equity and equity-related instruments, cash on hand, the utilization of the $2 million revolving credit facility with its bank, the $10 million unsecured term loan facility provided by Fairfax as of July 7, 2022 and/or the expansion of its senior credit facilities.

Cash Flows

Cash flows during the nine-month period ended December 31, 2025, and 2024 are summarized as follows:

$ in thousands	31-Dec-25	31-Dec-24
Cash inflows/(outflows) by activity		
Cash flow from operations	1,633	881
Non-cash working capital	26	(2,318)
Net operating activities	1,659	(1,437)
Financing activities	61	(1,204)
Investing activities	(1,459)	(1,745)
Net cash outflows	261	(4,386)

Operating Activities

Cash flow from operations before working capital was $1.63 million during the nine-month period ended December 31, 2025, compared to $0.88 million during the nine-month period ended December 31, 2024. Cash flow used in working capital items during the nine-month period ended December 31, 2025 was $0.26 million, compared to $(2.32) million during the nine-month period ended December 31, 2024. Total cash flow generated from operating activities during the nine-month period ended December 31, 2025 was $1.66 million, compared to $(1.44) million during the nine-month period ended December 31, 2024.

Financing Activities

Cash used in financing activities was $0.06 million during the nine-month period ended December 31, 2025, compared to $(1.20) million during the nine-month period ended December 31, 2024.

Investing Activities

Cash used in investing activities was $(1.46) million during the nine-month period ended December 31, 2025 compared to $(1.75) million during the nine-month period ended December 31, 2024.

The Company's ending cash balance as of December 31, 2025 was $4.96 million.

Senior Secured Funded Debt

The Company does not have any funded debt as of December 31, 2025, and March 31, 2025.

The Company's total available sources of senior secured credit facilities as of December 31, 2025 were as detailed below:

	As at December 31, 2025		
$ in thousands	Total Amount	Borrowing	Amount Available
Revolving credit facility	2,000	-	2,000
Term credit facilities	10,000	-	10,000
	12,000	**-**	**12,000**

On June 1, 2022, the Company entered into a $2 million revolving credit facility, together with credit card facilities for each of Avante Corp. and Avante Security, benefiting from cross guarantees supported by first security interests in favour of the bank over all assets of Avante Corp. and Avante Security. Such credit arrangements are provided by the bank on a demand basis, and the revolver is subject to a borrowing base consisting of eligible accounts receivable and inventory minus priority payables. The provision of the credit facilities is subject to the Company maintaining a minimum consolidated current ratio of 1.20 times as of June 30, 2022, and thereafter. As of December 31, 2025, the Company is in compliance with this requirement. Drawings under the revolving credit facility are permitted by way of letters of credit (at 2% per annum), prime rate advances (at the bank's prime rate plus 0.5%) and bankers' acceptances (stamping fee of 2%). During the three-month period ended December 31, 2025, the Company did not draw on any of its facilities available.

Capital Stock

The authorized capital of the Company consists of an unlimited number of common shares. As at December 31, 2025, there were 26,648,739 common shares issued and outstanding, the same as at March 31, 2025.

Issuance of Stock Options

During the nine-month period ended December 31, 2025, 115,000 share options were issued to employees and the strike price was $0.99. 130,000 share options were forfeited during the period and no options were exercised. During the nine-month ending December 31, 2024, 370,000 share options were issued to employees and the strike price was $0.81, no share options were forfeited.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition.

Related Party Transactions

The Company entered into a contract effective May 1, 2018 with a private company controlled by a significant shareholder (and subsequent to March 30, 2022 an officer) to provide consulting services for the Company. The balance outstanding payable by the Company at December 31, 2025, is $3,087 (March 31, 2025: $3,087).

During the year ended March 31, 2024, the Company entered into an employee contract with a family member of a significant shareholder and an officer of the Company. Under the terms of the contract, the family member provided

sales services to the Company on a contractual basis. The total amount paid to the family member for services rendered during the nine-month period ended December 31, 2025, was $94,674 (nine-month period ended December 31, 2024: $39,722). The terms of the contract were negotiated at arm's length and were comparable to those that would be offered to unrelated third parties.

During the year ended March 31, 2024, the Company entered into a consulting agreement with a family member of a significant shareholder and an officer of the Company. Under the terms of the agreement, the family member provided strategic consulting services to the Company on a contract basis. The total amount paid to the family member for services rendered during the nine-month period ended December 31, 2025 was $37,462 (nine-month period ended December 31, 2024: $29,231). The terms of the agreement were negotiated at arm's length and were comparable to those that would be provided to unrelated third parties.

On July 7, 2022, the Company executed an unsecured Loan Agreement with affiliates of Fairfax Financial Holdings Limited that also collectively own 19.88% of the Company's common shares. Pursuant to the Loan Agreement, the Company is permitted to draw, on a non-revolving basis, up to $10 million of loans until July 7, 2027 for terms to maturity ending on July 7, 2027, at an interest rate of 5% that can be paid by the Company in cash or in kind. A standby fee of 0.5% per annum is charged by Fairfax on the unused portion of the term loan facility, and the fee is recorded within the interest expense on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) in the amount of $37,500 (nine-month period ended December 31, 2024: $37,500).

The Loan Agreement ranks junior to the senior secured credit facilities provided by the Company's bank, but are guaranteed on an unsecured basis by all subsidiaries of the Company.

Pursuant to the Loan Agreement, the Company's consolidated senior indebtedness (excluding drawings under the Term Loan and net of permitted cash balances) shall not exceed 3.5 times Adjusted EBITDA (as defined in the Loan Agreement) on a rolling four quarter basis. In addition, further drawings under the Loan Agreement are conditional on the Company's existing Chief Executive Officer being involved in the day-to- day operations of the Company. To date, there have not been any drawings advanced under the Loan Agreement.

The officers of the Company receive short-term compensation based on achieving targeted free cash flow as determined by the Compensation committee on an annual basis.

The officers of the Company are eligible for long-term incentive payments, structured as cash-settled share-based payments, contingent upon specific criteria.

The total expense recognized for the nine-month period ended December 31, 2025 arising from cash-settled share-based payments was $515,157 (December 31, 2024: expense of $437,219), which is included in employee benefits expense. This amount reflects the fair value of the share-based payments remeasured at the reporting date.

RECONCILIATION OF NON-IFRS ACCOUNTING STANDARDS MEASURES

This MD&A includes certain measures which have not been prepared in accordance with IFRS Accounting Standards such as EBITDA, Adjusted EBITDA, Operating expenses as a percentage of revenue, and recurring monthly revenue, or RMR. These non-IFRS Accounting Standards measures are not recognized under IFRS Accounting Standards and, accordingly, users are cautioned that these measures should not be construed as alternatives to net income, revenue or operating expenses (as applicable) determined in accordance with IFRS Accounting Standards. The non-IFRS Accounting Standards measures presented are unlikely to be comparable to similar measures presented by other issuers. Reconciliation to the most directly comparable IFRS Accounting

Standards measure in respect of both RMR and direct or adjusted operating expenses as a percent of revenue is provided earlier in this MD&A and provided below in respect of EBITDA and Adusted EBITDA.

EBITDA and Adjusted EBITDA

The Company defines EBITDA as earnings before depreciation and amortization, interest expense, and income tax expense (recovery). Adjusted EBITDA is defined as EBITDA before acquisition and restructuring costs, write-offs and impairments, stock based compensation expense and changes in fair value adjustments.. These items are excluded in calculating Adjusted EBITDA as they are not considered indicative of the underlying business performance for the periods being reviewed and the Company's management believes that excluding these adjustments is more reflective of ongoing operating results.

The Company believes that Adjusted EBITDA is a meaningful financial metric, as it measures cash generated from operations which the Company can use to fund working capital requirements, service interest, maintenance capital expenditures and principal debt repayments and to fund future growth initiatives. The calculation of EBITDA and Adjusted EBITDA over each of the last eight fiscal quarters is provided below:

	FY2024 (restated)	FY2025				FY2026		
$ in thousands, unless otherwise noted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income/(loss)	**(2,087)**	**(128)**	**(909)**	**(155)**	**(862)**	**11**	**83**	**92**
Interest income and expense	292	24	131	64	58	69	86	61
Income taxes/deferred tax	(86)	-	-	(2)	395	17	-	7
Amortization on capitalized commission	3	1	1	2	1	-	-	-
Depreciation on capital assets	252	245	246	267	260	244	234	255
Amortization	197	161	161	161	161	168	166	165
EBITDA	**(1,430)**	**304**	**(369)**	**337**	**13**	**509**	**569**	**581**
EBITDA from discontinued operations	-	-	-	-	-	-	-	-
Total EBITDA	**(1,430)**	**304**	**(369)**	**337**	**13**	**509**	**569**	**581**
Share-based compensation (excluding PSU)	39	23	23	50	42	18	14	33
Reorganization and acquisition costs	(228)	36	684	-	-	-	-	-
Long-term employee benefits	2,000	-	-	-	233	(168)	-	211
Software cost impairment	-	-	-	383	-	-	-	-
Deferred finance fees	-	-	-	-	-	-	-	-
Adjusted EBITDA from continuing operations	**382**	**363**	**338**	**770**	**287**	**360**	**584**	**824**
Adjusted EBITDA from discontinued operations	-	-	-	-	-	-	-	-
Total Adjusted EBITDA	**382**	**363**	**338**	**770**	**287**	**360**	**584**	**824**

A description of the adjusting items included in the above table is as follows;

- *Share based payments* – Share based incentive compensation expense can vary based on the timing of when awards are issued and forfeitures. All option grants are approved by the Board of Directors of the Company from the option pool approved by the shareholders at the most recent annual general meeting of the Company's shareholders. The above adjustment excludes cash settled compensation plans.

- *Reorganization and acquisition costs* – The Company incurred reorganization and acquisition costs in the amount of $nil million for the three-month and nine-month periods ended December 31, 2025 (nine-month period ended December 31, 2024: $0.72 million).

RISK AND UNCERTAINTIES

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties. An investment in the Company's common shares is speculative and involves a high degree of risk and uncertainty. Such risks relate to and include, without limitation: its ability to predict whether it will meet internal or external

expectations, its ability to offer competitive pricing for its products, its ability to maintain its current relationships and develop new strategic relationships, its ability to attract and retain qualified employees, its internal controls, its ability to develop and deploy new technology, its limited operating history, its evolving business model and its ability to achieve and maintain profitable operations.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and these additional risks are summarized below. If any of the risks as described in our filings occur, our business, financial condition, liquidity or results of operations could be materially harmed.

Significant Shareholders

There are significant shareholders of the Company that may be long-term holders of the common shares in the Company. This has the effect of reducing the actively traded public float for the common shares, which may, in turn, impact the liquidity for the shares. In addition, relatively low liquidity may adversely affect the price at which the common shares of the Company trade on the listed market. Significant shareholders may also be able to exercise significant influence over any matter requiring shareholder approval in the future.

Risk of Dilution from Possible Future Offerings

The Company may issue additional securities or debt financing from time-to-time in the future to raise funding for its growth initiatives and such issuances may be dilutive to shareholders.

Financing and Refinancing Risks

Additional funding might be required to execute future investment and growth opportunities and to refinance existing borrowings that may exist in the future and working capital requirements. There is no assurance that such funds will be available to the Company, on acceptable terms or in required amounts. Any limitations on the Company's ability to access the financial markets for additional funds could have a material adverse effect on the Company's ability to execute its growth strategy and to refinance existing indebtedness.

Ability to Achieve and Manage Growth

The Company has made or entered into, and will likely continue to pursue, various acquisitions, business combinations, investments and joint ventures intended to complement or expand its business. The Company believes the acquisitions of, and investments in, other businesses may enhance its strategy of building its security services business. The successful implementation of such acquisition and investment strategy depends on the Company's ability to identify suitable acquisition and investment candidates, acquire such companies on acceptable terms, integrate the acquired companies' operations and technologies successfully with its own and maintain the goodwill of the acquired businesses. The Company is unable to predict whether or when it will be able to identify suitable additional acquisition or investment candidates that are available for a suitable price, or the likelihood that any potential acquisition or investment will be completed.

Growth and expansion resulting from future acquisitions may place significant demands on the Company's management resources. In addition, while the Company's management believes it has the experience and know-how to integrate acquisitions, such efforts entail significant risks including, but not limited to: (a) failure to integrate successfully the personnel, information systems, technology, operations and acquired business; (b) the potential loss of key employees or customers from either the Company's current business or the business acquired; (c) failure to maximize the potential financial and strategic benefits of the transaction; (d) the failure to realize the expected synergies from the acquired businesses; (e) impairment of goodwill; (f) the assumption

of significant and or unknown liabilities of the acquired companies; and (g) the diversion of the Company's management time and resources.

There can be no assurances that the Company will be able to successfully identify, consummate or integrate any potential acquisitions or investments into its operations. In addition, future acquisitions or investments may result in potentially dilutive issuance of equity securities, have a negative effect on the Company's share price, and/or may result in the incurrence of debt, all of which could have a material adverse effect on the Company's business, financial condition and results of operation.

Market Competition and Technology Innovation

The Company operates in a highly competitive sector and in a sector witnessing significant technological innovation. To address these risks, the Company's management has implemented a plan to concentrate on providing service excellence to its existing clientele, while focusing on implementing new technologies to provide enhanced levels security and related solutions for the Company's clients.

Key Personnel

The Company's success depends largely on the continued services of its senior management team, and the Company's ability to attract and retain skilled employees. The Company must continue to retain highly efficient and high performing individuals as well as continue to enhance its operational and management systems. Most importantly, the Company must continue to attract, train, motivate and manage its employees. If the Company is not successful in these aspects, it may have material adverse effects on the Company's business, results of operations, cash flow and financial condition.

Government Regulations and Licensing

The Company's Canadian operations are regulated by the Province of Ontario and applicable Municipal governments. The Company's international operations (NSSG) are regulated by the Romanian Government. These regulations affect Taxes, Labour, Workplace Safety, the environment, and all other aspects that can impact the Company's operations and performance. The Company is required to obtain and maintain a security license within the Province of Ontario. Any failure to obtain, maintain or renew required licenses could result in the cancelation of certain contracts and or disqualify us from bidding or re-bidding on certain contracts. To date, no government regulations or licensing requirements have materially and negatively affected the Company.

Information Technology Systems

The Company is dependent on its information technology ("IT") infrastructure. Significant problems with the Company's infrastructure, such as telephone or IT systems failures, cyber security breaches, or failure to develop new technology platforms could have a material adverse effect on the business, financial condition, results of operation and cash flow of the Company.

Attrition of Accounts

Customer attrition of residential customers results from a variety of different factors, including relocation of subscribers, competition, and other socio-economic factors. Demographic factors will also have an impact on overall attrition levels. Any significant increase in the Company's attrition rates, or loss of customer contracts, could have a materially adverse effect on the Company's business, financial condition, or results of operations.

Credit Risk

The Company sells the majority of its services within Ontario, Canada and a significant portion of its revenues are generated on a contractual basis pursuant to agreed payment terms. Due to the large number of residential clients that the Company deals with, and their economic distribution, the credit risk concentration to which the Company is exposed remains limited. However, inaccurate invoicing by the Company or failure to pay by customers could have a material adverse effect on the Company's cash flow and financial condition.

Reputational Risk

The Company depends on its reputation for high quality security services to be successful. Damage to the Company's reputation caused by a widely publicised security incident affecting the Company's clients and their installations could affect our reputation. The Company's management team constantly monitors security risk surrounding the Company's operations and the Company has instituted communication protocols to prevent or reduce negative publicity.

Inflationary Risk

Strong economic conditions and competition for available personnel and materials may result in significant increases in the cost of obtaining such resources. More recently, the Ontario economy has been exposed to inflationary pressures including, for example, with respect to labour costs and fuel prices. To the greatest extent possible, the Company passes such cost increases on to its customers and it attempts to reduce these pressures through proactive procurement and human resource practices. Should these efforts not be successful, the gross margin and profitability of the Company could be adversely affected.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies affect the Company's operations and financial results.

The Company is exposed to foreign currency risk on revenue and expenses where it invoices or procures in a foreign currency. It is also exposed to foreign currency risk on cash and cash equivalents, trade receivables and trade payables denominated in foreign currencies, principally in US dollars, Euros and RON.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments of the Company consist of cash, investments in guaranteed investment certificates, accounts receivable, amounts due from the purchaser of Logixx Security, accounts payable, put option liability, bank indebtedness and accrued liabilities and obligations under finance leases. There are no significant differences between the carrying amounts of the items reported on the balance sheet and their estimated fair values other than as set out in Note 19(c) "Liquidity Risk" of the Company's audited consolidated financial statements and notes thereto as at and for the years ended March 31, 2025 and 2024.

The Company may undertake purchase transactions in foreign currencies, and therefore it is subject to foreign exchange risk of gains or losses due to fluctuations in foreign currencies. Historically, these transactions have not been material, so the Company does not use hedging instruments to minimize its exposure to foreign currency risks.

For additional details on the Company's financial instruments, including the amount and classification of gains and losses recorded in the Company's audited consolidated financial statements, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in each calculation of the fair value of the Company's financial instruments, refer to Liquidity and Capital Resources in this MD&A and see Notes to the Company's audited consolidated financial statements for the years ended March 31, 2025 and 2024.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS Accounting Standards requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control or the control of the Company's management. The impacts of such estimates are pervasive throughout the 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 the revision affects both current and future periods.

Critical accounting estimates used in the preparation of the audited consolidated financial statements include the Company's estimate of the value of the Company's share-based compensation, determining whether the Company exercises control over entities in order to consolidate, provision for obsolescence of inventory, estimates of work in progress, depreciation of property, plant and equipment, amortization of intangible assets, allowance for doubtful accounts, amounts recoverable from vendors of companies acquired, amounts recoverable from purchasers of businesses sold by the Company and recoverability of tax credits. These estimates are based on the Company's management's best judgement and could be affected by significant factors that are out of the Company's control. Actual results could differ from these estimates. Future events and risk factors could result in changes in these estimates and assumptions.

The Company uses the Black-Scholes model to determine the fair value of options. The main factor affecting such estimates is the stock price volatility used. The Company uses historical price data and comparable entities in the estimate of future volatilities. Additional factors affecting share-based compensation include estimates of when stock options might be exercised. The timing of the exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and the financial objectives of the share-based instrument holders.

With respect to intangible assets, the Company determines fair values using such estimates as discount rates, capitalization rates and terminal capitalization rates. These estimates consider any material changes to the assumptions that occur when reviewed regularly by the Company's management. Estimates are reviewed periodically by the Company's management. Goodwill is not amortized but is tested for impairment on an annual basis or more frequently if there are indicators that goodwill may be impaired as described in the Impairment of Non-Financial Assets policy.

CHANGES IN ACCOUNTING POLICIES

The Company's accounting policies are as disclosed in Note 3 of the Company's audited annual consolidated financial statements for the years ended March 31, 2025, and 2024. Effective April 1, 2024, the Company changed its policy relating to the accounting for the NCI put option that arose during fiscal 2024 upon the acquisition of NSSG (Note 12). Previously, the NCI put option was considered a derivative over the Company's own equity and measured at fair value through profit and loss. The NCI put option is now accounted for as a financial liability measured as a gross obligation at the amount equal to the present value of the amount that could be required to be paid to the counter party in accordance with IAS 32 - Financial Instruments Presentation ("IAS 32"). Subsequent changes in the measurement of the gross obligation due to the unwinding of the discount or changes in the amount that the acquiror could be required to pay are recognized in profit or loss.

Management believes that the change in accounting policy results in more relevant and reliable information in light of existing interpretative guidance relating to IAS 32. The change in accounting policy was applied retrospectively to all prior periods presented.

New Standards and Interpretations

The IASB has issued the following standards, amendments and interpretations which have not been early adopted in the consolidated financial statements (and the Company is assessing the impact on its consolidated financial statements as a result of adopting these new standards):

Presentation and Disclosure in Financial Statements:

In April 2024, the IASB issued the new standard *IFRS 18 – Presentation and Disclosure* in Financial Statements that will replace *IAS 1 – Presentation of Financial Statements*. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures ("MPMs") in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the financial statements.

Classification and Measurement of Financial Instruments:

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance ("ESG")-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income ("FVOCI") and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the financial statements.

CONTINGENCIES

From time to time, the Company may become liable for legal, contractual, and other claims by various parties, including customers, suppliers, former employees, and vendors of businesses acquired by the Company. Depending on the nature or duration of any potential proceedings or claims, the Company may incur substantial costs and expenses, be required to devote significant management time and resources to the matters and suffer adverse judgements or outcomes in respect of these claims, although it is difficult to predict final outcomes with any degree of certainty. Except as disclosed from time to time in the Company's annual or interim

consolidated financial statements, the Company does not believe that any of the claims to which the Company is currently a party will have a material adverse effect on the Company's profitability or financial condition; however, the Company cannot provide any assurance to that effect.

ADDITIONAL INFORMATION

Additional information relating to the Company, including its most recent Annual Information Form, may be found under the Company's profile on SEDAR+ at www.sedarplus.ca.