

IC GROUP HOLDINGS INC.

Management's Discussion & Analysis of Financial Condition and Results of Operations

For the three-month period and year ended December 31, 2025.



TSX-V: ICGH

IC GROUP HOLDINGS INC.

Management's Discussion & Analysis

For the three-month period and year ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("Management's Discussion and Analysis" or "MD&A") reports on the consolidated operating results and consolidated financial condition of IC Group Holdings Inc. and its wholly owned subsidiaries for the three-month period and year ended December 31, 2025, and of 11197894 Canada Ltd ("1119 Canada") and its subsidiaries for the three-month period and year ended December 31, 2024. (the "Company" or "IC GROUP")

Throughout this MD&A, unless otherwise specified, "IC GROUP", the "Company", "we", "us" and "our" refers to IC Group Holdings Inc., 1119 Canada, and its wholly owned subsidiaries. This MD&A should be read in conjunction with the Company's consolidated financial statements and the related notes as at and for the years ended December 31, 2025 and 2024, which were prepared in accordance with International Financial Reporting Standards ("International Financial Reporting Standards" or "IFRS") (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect the current judgment regarding the direction of the business, actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The fast-growing Marketing Technology (MarTech) sector is forecasted to grow 20% annually from 2025 to 2034 (Source: <https://www.precedenceresearch.com/marketing-technology-market>), fueled by improved customer experiences, demand for data-driven engagement, automation, AI, data security, and privacy compliance.
- The Canadian application-to-person ("A2P") messaging market is estimated at approximately US\$5.9 billion in 2024, with projected growth to approximately US\$9.2 billion by 2035, reflecting continued enterprise utilization of messaging for transactional notifications, authentication and customer engagement (<https://www.marketresearchfuture.com/reports/canada-a2p-messaging-market-46169>). Within this market, RCS Business Messaging ("RBM") represents an emerging

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subset of A2P messaging. While RBM currently accounts for a very low single digit percentage of Canadian business messaging revenues, industry research indicates it is expected to capture an increasing share of messaging traffic over time as national carrier deployments, including support on Android and iOS devices, continue to expand.

- Third party industry research estimates the global fan engagement market at approximately US\$16.2 billion in 2024, growing at a compound annual rate of approximately 15% to US\$66.7 billion by 2034, with North America representing approximately 36–38% of global revenues, or approximately US\$5.9–6.0 billion in 2024, driven by the concentration of major professional sports leagues and high levels of digital adoption in the United States and Canada (market.us – Fan Engagement Market Size & Share Report, August 2025).
- Management believes that broader adoption of richer messaging formats may support incremental margin and recurring revenue improvements over time, although adoption rates and monetization remain subject to market conditions, carrier support, and customer demand.
- The Company is focused on improving platform scalability, enhancing product features and aligning live event engagement with mobile interaction and data capture. Management believes these initiatives may support repeat program activity, longer term customer relationships and cross selling opportunities when combined with the Company's mobile messaging and engagement solutions.
- Across its operating segments, the Company is focused on expanding customer relationships, increasing product adoption and driving higher usage volumes under existing contracts. Management pursues a land-and-expand approach, whereby initial customer engagements are followed by the introduction of additional use cases, services and platforms over time. This strategy is intended to increase customer retention, expand share of wallet, and support growth in Annual Recurring Revenue ("ARR").
- Across all segments, IC Group continues to invest in technology, platform reliability and process automation to support scalability and operating efficiency. These investments are intended to enhance service, support higher transaction volumes and improve gross margin over time. As the business scales, management expects to benefit from improved operating leverage through more efficient use of personnel, infrastructure and shared services.
- IC Group expects to grow Annual Recurring Revenue ("ARR") and improve Adjusted EBITDA as a percentage of revenue over the long term, driven primarily by organic initiatives such as customer retention and expansion, new customer wins, product enhancement, and operating leverage.

Additionally, the company's future success may depend on some or all the following:

- The Company's ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity.
- The Company's success at completing future financings.
- The Company's strategies and objectives.
- General business and economic conditions.
- The Company's ability to meet its financial obligations as they become due.

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- The cash flow and financial viability of new business opportunities.
- The Company's ability to manage growth with respect to new business opportunities.
- The Company's tax position, anticipated tax refunds and tax rates applicable to the Company.

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Due to the risks, uncertainties, and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

NON-IFRS MEASURES

This MD&A includes certain measures which have not been prepared in accordance with the International Financial Reporting Standards ("IFRS"), namely "Adjusted EBITDA" and "Annual Recurring Revenue".

These terms are not measures that have any standardized meaning prescribed by IFRS and are considered non-IFRS measures. While these measures may not be comparable to similar measures presented by other issuers, these measures have been described and presented in this MD&A to provide shareholders and potential investors with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations. When assessing the Company's operating performance or liquidity, investors and others should not consider this data in isolation or as a substitute for net profit, cash flow from operating activities or other cash flow data calculated in accordance with IFRS. In addition, the Company's calculation of Adjusted EBITDA may not be comparable to EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate EBITDA in the same manner.

The Non-IFRS measure "Adjusted EBITDA" used in this MD&A is calculated as follows:

Adjusted EBITDA refers to earnings before interest, taxes, depreciation, amortization, stock-based compensation, one-time transaction expenses and financing costs. The Company believes that Adjusted EBITDA is useful supplemental information, as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration significant non-recurring items comprised of costs directly attributable to acquisitions, financing costs, as well as non-cash expenses, which include stock-based compensation expense, interest expenses, depreciation and amortization. Adjusted EBITDA also serves as a proxy for the Company's cash flow. Management also uses Adjusted EBITDA to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet its capital expenditure and working capital requirements.

Adjusted EBITDA is reconciled to its most directly comparable IFRS measure within the "Results of Operations" and "Liquidity and Capital Resources" sections of this MD&A.

The Non-IFRS measure "Annual Recurring Revenue" used in this MD&A is calculated as the company's expected yearly revenue from recurring transactional, service, license, SaaS or subscription fees.

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CORPORATE OVERVIEW

1119 Canada was incorporated on July 31, 2023 under the laws of Canada and is the product of a July 31, 2023 amalgamation that consolidated entities that have effectively been in active business since 1989. On February 21, 2025, Cuspis Capital II Ltd. ("Cuspis"), a Capital Pool Company listed on the TSX Venture Exchange (the "Exchange") completed a business combination transaction with 1119 Canada that resulted in the reverse takeover of Cuspis by 1119 Canada and which constituted the Qualifying Transaction (as that term is defined by the policies of the Exchange) of Cuspis. 1119 Canada became the wholly owned subsidiary of Cuspis, and Cuspis was renamed "IC Group Holdings Inc.", trading under the symbol ICGH.

IC Group is a marketing technology company focused on delivering consumer engagement solutions at scale. Its mission is to transform how brands engage with consumer audiences across live events, digital platforms, customer ecosystems, and mobile messaging channels to drive sales, capture valuable data and build brand loyalty. The Company operates through three business segments: (i) IC Engage, which delivers digital promotions for enterprise customers and includes the Fannex platform, a software-as-a-service ("Software-as-a-Service" or "SaaS") solution that helps build consumer engagement in the live events ecosystem; (ii) IC Mobile, which is the Company's mobile messaging business; and (iii) IC Insurance, which provides specialty insurance solutions. The Company's registered office is located at 77 King Street West, Suite 700, Toronto, Ontario, Canada M5K 1G8. 1119 Canada has a registered office located at 383 Dovercourt Dr, Winnipeg, MB, R3Y 1G4.

At December 31, 2024, IC Group owned approximately 14% of Emotion Media Inc., operating as Fannex ("Fannex"). On February 21, 2025, IC Group acquired 100% of Emotion Media Inc. as part of the business combination transaction with Cuspis Capital II Ltd., concurrent financing and public listing on the Exchange that also closed February 21, 2025. On September 15, 2025, the Company amalgamated Emotion Media Inc. with IC Group Inc., and subsequently continued the legal entity as IC Group Inc. The amalgamation was completed to achieve administrative, synergistic, and tax planning benefits.

In furtherance of the Qualifying Transaction, 1119 Canada effected a 7.89:1 share split and Cuspis completed a 1:4.31 share consolidation, following which the securityholders of 1119 Canada received securities of Cuspis on a one for one exchange ratio basis. All share and per share amounts reflecting figures prior to February 21, 2025, have been retrospectively presented in the consolidated financial statements and this MD&A to reflect the share split, share consolidation, and share exchange.

MARKET SECTOR

IC Group operates within the fast-growing marketing technology ("marketing technology" or "MarTech") sector, as well as two dynamic market segments: mobile business messaging and digital fan engagement. The MarTech industry is forecasted to grow 20% annually from 2025 to 2034 (Source: <https://www.precedenceresearch.com/marketing-technology-market>), fueled by improved customer experiences, demand for data-driven engagement, automation, AI, data security, and privacy compliance. Within this sector, IC Group delivers marketing technology and digital promotion solutions to large enterprise customers.

Within the mobile messaging segment, third-party industry research estimates the Canadian application-to-person ("application-to-person" or "A2P") messaging market at approximately US\$5.9 billion in 2024, with growth projected to reach US\$9.2 billion by 2035. This is driven by enterprise adoption for transactional notifications, authentication, and customer engagement. Rich Communication Service ("Rich Communication Service" or "RCS") Business Messaging (also referred to as Rich Business Messaging ("Rich Business Messaging" or "RBM")) is an emerging subset of A2P messaging, currently representing a low-single-digit percentage of revenues, but expected to gain traction as carrier deployments expand and support becomes available on both Android and iOS devices.

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The Company also operates within the digital fan engagement segment, which includes technology platforms and solutions used by sports teams, leagues, venues, brands and live event operators to engage audiences through mobile applications, interactive content, loyalty programs, and data-driven personalization. Third-party industry research estimates the global fan engagement market at approximately US\$16.2 billion in 2024, growing at a compound annual rate of approximately 15% to approximately US\$66.7 billion by 2034, with North America representing approximately 36–38% of global revenues, or approximately US\$5.9 - 6.0 billion in 2024, driven by the concentration of major professional sports leagues and high levels of digital adoption in the United States and Canada (market.us – Fan Engagement Market Size & Share Report, August 2025).

CUSTOMER SOLUTIONS

IC Group develops, sells, and supports three primary business verticals with associated products and services that power consumer engagement to drive commerce and manage risks for brands. The Company currently has over 150 customers worldwide that range in size and operational complexity, with the vast majority in the United States and Canada. Over 70% of our revenue is driven from customers outside of Canada.

Solutions include the following:

IC Engage:

IC Engage (previously reported as “Digital Promotions”) delivers enterprise digital promotions and consumer engagement programs across digital channels, customer ecosystems, and live events. The segment combines proprietary technology with managed services. IC Engage also includes Fannex, a SaaS platform for live sports and entertainment that enables brands, teams and venues to deploy and manage interactive content and fan promotions across in-venue digital screens and mobile devices. As at December 31, 2025, the Fannex platform is utilized by 94 professional teams across various sports leagues in North America and Europe.

The integration of Fannex within IC Engage, including continued platform development and broader deployment across customers, teams, venues and brand partners, was a key initiative in 2025 and remains a focus going into 2026. As a live event engagement platform, Fannex supports interactive, feature-rich communications in-venue and on mobile devices and provides meaningful opportunities for first-party data capture and analytics. Management is focused on enhancing these capabilities and converting increased platform usage into measurable outcomes, with the objective of building momentum through 2026.

Revenue in IC Engage is primarily generated under multi-year master services agreements and statements of work and may include: (i) solution and platform fees (including software development and/or licensing); (ii) professional services fees to design, build, and operate campaigns; and (iii) transactional fees linked to engagement activity, such as moderation, fulfillment, rewards/incentives administration, and customer support. Where applicable, contract revenue is recognized using a percentage-of-completion method based on costs incurred relative to estimated total costs.

IC Mobile:

IC Mobile (formerly the Mobile Messaging business segment) is one of three Tier-1 mobile aggregators in Canada, with direct connections to all major Canadian carriers and Tier-2 connections to U.S. and other global carriers. The Company enables enterprise brands, communications platform as a service (“communications platform as a service” or “CPaaS”), and marketing technology platforms to deliver application-to-person messaging in Canada across short message service (“short message service” or “SMS”), multimedia messaging service (“multimedia messaging service”

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or "MMS"), and Rich Communication Services / Rich Business Messaging ("RCS/RBM") for security and authentication use cases, transactional notifications, commerce-related messaging, and marketing communications. Revenue is generated primarily through transactional fees per message transmitted, supplemented by hosting and professional service fees, typically under multi-year recurring customer agreements. Management believes continued growth is supported by increasing message volumes, new customer onboarding, and the adoption of richer messaging formats (including RBM) in North America. Key differentiators include the Company's intellectual property in the Canadian market and a Canadian-owned platform that processes and stores message data in Canada, which may be important for regulated customers (e.g., financial services, healthcare and government). Customer retention is high and the Company reports that more than 95% of revenue in this business is Annual Recurring Revenue ("Annual Recurring Revenue" or "ARR").

IC Insurance:

IC Insurance (previously referred to as the "Insurance Solutions" business segment) delivers specialty insurance solutions through its Insured Creativity Inc. legal entity. As a Coverholder for Lloyd's of London ("Lloyd's") and Aviva Canada ("Aviva"), Insured Creativity operates under delegated binding authority arrangements that authorize it to underwrite and service insurance policies on behalf of certain Lloyd's syndicates and Aviva in Canada and select international markets (60+). The business underwrites and administers specialty insurance products for the sports, entertainment, and promotions industry, including event cancellation, event liability, prize indemnity, crisis management and related coverages. Insurance policies are sold through the Company's proprietary software platform, Glide, and through a direct sales team servicing wholesale and retail brokers. Glide enables brokers to obtain quotes, bind coverage and receive policy documentation on a real-time basis. Revenue is generated primarily through commissions on insurance policies written and, where applicable, profit commission based on the underwriting performance of the portfolio within certain binding authorities.

COMPANY FOCUS AND STRATEGY

IC Group is a marketing technology company focused on delivering consumer engagement and risk management solutions across mobile messaging, digital promotions and live event experiences. The Company's strategy is to build scalable platforms that support enterprise customers while generating a high proportion of recurring revenue. Management's objective is to grow the business through disciplined organic initiatives, selective acquisitions, and continued investment in technology and operating infrastructure, with a view to improving margins, operating leverage and cash flow over the long term.

Organic Growth in Core Business Lines

Organic growth remains the primary driver of IC Group's strategy. In 2025 revenue grew by 50% over the prior year with over 90% being driven by organic revenue growth across all segments. IC Mobile saw strong results with an 86% increase in revenue during the year of which 100% was organic revenue growth. IC Engage saw a 31% increase in revenue during the year of which 79% was organic growth and IC Insurance saw an increase of 21% in revenue during the period, of which 85% was organic growth.

Across its operating segments, the Company is focused on expanding customer relationships, increasing product adoption and driving higher usage volumes under existing contracts. Management pursues a land-and-expand approach, whereby initial customer engagements are followed by the introduction of additional use cases, services and platforms over time. This strategy is intended to increase customer retention, expand share of wallet, and support growth in Annual Recurring Revenue ("ARR").

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In IC Mobile, the Company's near-term focus is on achieving positive operating leverage by scaling transaction volumes and broadening customer adoption across enterprise and wholesale channels. Growth initiatives include onboarding new customers, supporting increased traffic from existing customers, and expanding messaging capabilities beyond traditional SMS to include MMS and Rich Communication Services / Rich Business Messaging ("RCS/RBM"). The announcement in 2024 that Apple will support Rich Communication Service ("RCS") messaging also unlocks expanded mobile messaging and engagement capabilities in this fast-growing channel. Management believes that broader adoption of richer messaging formats may support incremental margin and recurring revenue improvements over time, although adoption rates and monetization remain subject to market conditions, carrier support, and customer demand.

Within IC Engage, IC Group continues to integrate and scale the Fannex platform with the objective of extending its functionality across additional customers, sports teams, venues and brand partners. The Company is focused on improving platform scalability, enhancing product features and aligning live event engagement with mobile interaction and data capture. Management believes these initiatives may support repeat program activity, longer-term customer relationships and cross-selling opportunities when combined with the Company's mobile messaging and engagement solutions. In IC Insurance, the Company is pursuing measured organic growth through the expansion of product offerings, underwriting capacity and geographic reach within existing delegated authority frameworks. Growth initiatives are focused on increasing the volume of risks bound, broadening distribution relationships and expanding the proportion of recurring insurance programs, while maintaining underwriting discipline and appropriate risk management practices.

Technology and Operating Leverage

Across all segments, IC Group continues to invest in technology, platform reliability and process automation to support scalability and operating efficiency. These investments are intended to enhance service delivery, support higher transaction volumes and improve gross and operating margin consistency over time. As the business scales, management expects to benefit from improved operating leverage through more efficient use of personnel, infrastructure and shared services.

Selective Acquisitions and Strategic Investments

In addition to organic initiatives, IC Group may evaluate selective acquisitions or strategic investments that complement its existing platforms, customer base or geographic footprint. Management assesses potential transactions based on strategic alignment, integration complexity, financial impact and the ability to enhance long-term shareholder value. Acquisitions, where completed, may involve short-term integration costs or margin variability and are not expected to be the primary driver of growth in any given period.

Capital Discipline and Risk Management

The Company's growth strategy is intended to be executed within a disciplined capital and risk management framework. Management seeks to balance growth objectives with liquidity, leverage, and operating risk considerations, recognizing that market conditions, customer adoption and competitive dynamics may impact the timing and pace of growth.

KEY PERFORMANCE INDICATORS

IC Group evaluates its overall performance using key financial indicators such as revenue, ARR, Gross Profit, Gross Margin and adjusted EBITDA. Other secondary metrics vary by business segment and may include revenue by geography, transaction volumes, and customer retention rates.

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2025 HIGHLIGHTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2025

The following review presents IC Group's financial position as at December 31, 2025, and its results from operations for the three-month period ended December 31, 2025 compared to the same period for 2024:

- Revenues increased by 31% to \$7.2 million in the fourth quarter of 2025, compared to \$5.4 million during the same period in 2024. Gross Profit increased 8% in the fourth quarter of 2025 to \$3.4 million compared to \$3.1 million in the same period of 2024.
- Approximately 95% of the revenue growth was driven by organic growth across all divisions.
- Gross Margin for the fourth quarter of 2025 was 47%, compared to 57% in the same period of 2024. The expected decrease is driven by a change in revenue mix where mobile messaging revenue makes up a larger proportion of overall revenue at lower margins. Messaging revenue represented 46% of overall revenue compared to 41% during the same period in 2024.
- Approximately 69% of revenue in the fourth quarter of 2025 is ARR, compared to 66% in the same period of 2024.
- Adjusted EBITDA of \$0.63 million for the fourth quarter of 2025 was slightly lower compared to \$0.65 million in the same period last year. Fourth quarter Adjusted EBITDA was up 55% compared to 3rd quarter Adjusted EBITDA for 2025.
- On June 17, 2025, IC Group signed two agreements with a longstanding, large enterprise technology company. The combination of agreements represents both an extension of current work and a new mandate, together valued at up to US\$7.8 million inclusive of prizing. Servicing these agreements by the Company's IC Engage business unit started in Q3 2025 and will continue into 2026.
- On October 30, 2025, Insured Creativity Inc. ("ICI") a subsidiary of IC Group, acquired certain assets of Players Health Cover Canada Inc., a subsidiary of the U.S. based Ao1 Holdings Inc. ("Players Health (US)"), a leading provider of insurance solutions for athlete safety tailored to the live sports industry. The acquisition is expected to drive incremental annual recurring revenue opportunities while deepening IC Group's footprint in the sports and entertainment ecosystem.
- During the three-month period ending December 31, 2025, IC Group paid down \$0.5 million in debenture obligations reducing the overall obligation to \$1.3 million. The debentures were assumed in connection with the acquisition of Emotion Media Inc., accrue interest at a rate of 12.0 percent per annum, and are repayable in scheduled instalments of principal and accrued interest. In support of the Company's ongoing operations and development, and providing additional balance sheet flexibility, IC Group reached agreement with two holders of its outstanding debentures to defer aggregate scheduled repayments totaling \$1,219,787, originally due on July 1, 2026 and December 1, 2026, to July 1, 2027 and December 1, 2027.
- On December 19, 2025, IC Group completed a non-brokered private placement issuing 7,518,650 Units at a price of \$0.50 per Unit for gross proceeds of \$3,759,325. Each Unit consisted of one common share of the Company and one-half (1/2) of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each whole Warrant entitles the holder to acquire one additional common share at an exercise price of \$0.65 per share for a period of 30 months from the date of issuance.

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ANALYSIS OF RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2025

The following section sets forth, for the periods indicated, certain financial data derived from the Company's consolidated financial statements.

Three Months Ended December 31,	2025	2024	Change
Revenue	7,157,044	5,444,597	31%
Gross Profit	3,368,430	3,109,667	8%
Operating income (loss)	(576,905)	(542,481)	6%
EBITDA	152,730	(222,819)	169%
Net Earnings (Loss) for the period	(494,644)	(837,792)	(41%)
Earnings Per Share * (Basic and diluted)	(0.01)	(0.03)	(58%)

* The Company effected a 7.89:1 share split on the same date. All share and per share amounts reflecting figures prior to February 21, 2025, have been retrospectively presented in the consolidated financial statements and this MD&A to reflect the share split.

Adjustments to EBITDA:

	Three Months Ended December 31,	
	2025	2024
EBITDA	152,730	(222,819)
Adjustments to EBITDA		
1. Fees – Financing / Public Listing	284,352	185,950
2. Mobile messaging platform replacement costs	-	47,875
3. Mobile messaging platform enhancement costs	95,000	-
4. Management Stock Option expense	99,675	641,718
Adjusted EBITDA	631,757	652,724

Footnotes

1. Financing related professional fees reflect corporate finance, legal, and valuation costs incurred for the raising of capital during the reverse takeover transaction with Cuspis Capital II Ltd. which closed in February 2025 and the non-brokered private placement which closed in December 2025.
2. Mobile messaging core system replacement costs relate to the Company's investment to transition the messaging gateway to a new platform designed to significantly enhance messaging traffic growth and diversify the Company's capabilities in delivering differentiated solutions to its customers.
3. Mobile messaging platform enhancement costs relate to the Company's investment to develop multimedia messaging service ("MMS") and rich communication service ("RCS") traffic flow capabilities.
4. Management stock option expense relates to the vesting of Management stock options awarded to senior management to align their incentives with the Company.

Revenue for the three-month period ended December 31, 2025 increased by 31% to \$7.2 million, compared with \$5.4 million during the same period in 2024. The overall increase in revenue was attributable to a 49% increase in IC Mobile revenue, an 18% increase in IC Engage revenue, and a 30% increase in IC Insurance revenue compared to the same period of the prior year.

Gross Profit for the three-month period ended December 31, 2025 increased 8% to \$3.4 million compared to \$3.1 million during the same period in 2024 driven by an increase in Gross Profit across all business lines: 8% or \$0.2 million improvement from IC Engage, a 2% or \$0.01 million improvement from IC Mobile, and a 40% increase or \$0.1 million from IC Insurance, compared to the same periods in 2024.

The Company's cost of sales for the three-month period ended December 31, 2025, increased by 62% to \$3.8 million

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compared to \$2.3 million in 2024. The increase is primarily due to an expected increase in mobile messaging cost of sales, due to revenue and message volume growth, to \$2.7 million compared to \$1.6 million in 2024.

The overall Gross Margin across all businesses expectedly declined to 47% in the fourth quarter of 2025 from 57% during the same period in 2024 due to lower margin mobile messaging revenue representing 46% of overall revenue compared to 41% during the same period in 2024.

Amortization expense increased to \$0.7 million during the fourth quarter in 2025 compared to \$0.3 million in the same period in the prior year. The increase is attributable to the IC Engage segment, where the acquisition of Fannex in the first quarter of 2025 included the addition of capitalized development costs, causing an increase to the amortization expense compared to the pre-acquisition period. Additionally, at the time of the Fannex acquisition, the Valuation of the purchase price allocation was incomplete, as IC Group was awaiting further information about facts and circumstances that existed as of the acquisition date. The valuation was completed prior to the release of these financial statements, generating an adjustment to the purchase price assigned to, among other things, intangible assets in the fourth quarter of 2025. This adjustment generated an adjustment to amortization expense in the quarter of an additional \$0.3 million for the year.

Operating and administrative expenses (excluding amortization expenses) for the three-month period ended December 31, 2025, decreased by 11% to \$3.4 million, compared to the same period in 2024. The overall decrease is largely attributed to the one-time share-based compensation issuance to long-tenured employees in the form of employee options granted in September 2024 and reduced fees incurred compared to the fourth quarter of 2024 from the preparation of the public raise and reverse takeover in February 2025. These were offset by additional professional fees expenses incurred from the non-brokered private placement that closed in December 2025 and from the addition of the Fannex acquisition, which is included in the fourth quarter of 2025.

Employed and contract personnel costs not allocated to direct cost of sales comprised of 56% of total operating and administrative expenses for the three-month period ended December 31, 2025, decreasing 15% to \$2.1 million, compared to \$2.5 million in 2024. The expected decrease was primarily due to the one-time grant of employee options mentioned above, which vested by January 1, 2025 and improved utilization of staff to billable digital promotions campaigns. This decrease was offset by additional staffing costs absorbed through the Fannex acquisition in 2025.

Professional service fees, comprised of legal, accounting and consulting costs, for the three-month period ended December 31, 2025 increased by \$0.2 million compared to the comparable period, primarily due to additional costs incurred to operate as a public entity.

Interest expense for the three-month period ended December 31, 2025, decreased by 19% to \$0.14 million, compared to \$0.17 million in 2024, due primarily to the maturing loans in the fiscal year and escalated principal repayments on the IC Mobile acquisition loan; this is offset by the interest accrued on the acquired Fannex debenture obligations, of which repayments of \$0.5 million were made in the quarter and payments of slightly less than \$1.0 million were made in the fiscal year.

Net loss for the period ended December 31, 2025, was \$0.5 million compared to a net loss of \$0.8 million during the same period in 2024. The net loss for three-months ended December 31, 2025 was mainly due to option expense to directors and management of the corporation, increased advertising and staffing levels to support the public listing and capital raise, sales growth initiatives, expected margin compression in IC Mobile, additional interest expense from Fannex's debentures, integration costs related to recently acquired businesses, and amortization expense adjustments from the completion of the Fannex purchase price allocation.

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Adjusted EBITDA for the three-month period ended December 31, 2025 was down 3% to \$0.63 million compared to \$0.65 million in 2024. The Adjusted EBITDA remained consistent over the prior year due to the delivery of several significant campaigns in the IC Engage segment in the fourth quarter, as well as increased revenues in IC Mobile, yielding improved Gross Profit. This was offset by higher corporate costs, driven by additional costs absorbed as part of the acquired Fannex operations, acceleration of the integration of recently acquired businesses and to support future growth as a public company.

The year-end negative working capital position of approximately \$0.5 million is an improvement over prior year's \$2.2 million negative working capital position. As at December 31, 2025 the negative working capital is largely comprised of deferred revenue of the IC Engage segment which reported a year-to-date gross margin of 68%. It is expected that bank indebtedness of \$1.5 million will be reduced from excess cash flow from operations.

Individual business segment performance is discussed below.

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IC Engage

Revenue	<u>For 3 Months ending</u> <u>December 31, 2025</u>	<u>For 3 Months ending</u> <u>December 31, 2024</u>	<u>Change</u>
Contract, prizing, and rebate revenue	3,459,356	2,931,254	18%
	3,459,356	2,931,254	18%
Cost of Sales			
Direct labour	(627,448)	(318,625)	97%
Fulfillment costs	(353,708)	(312,838)	13%
	(981,155)	(631,463)	55%
Gross Profit	2,478,201	2,299,791	8%
Gross Margin	72%	78%	
Operating expenses			
Amortization Expense	(457,128)	(29,776)	1435%
Operating and administrative expenses	(1,491,324)	(1,019,509)	46%
Other income (expense)	114,737	(26,312)	(536%)
Operating income (loss)	644,485	1,224,194	(47%)

Contract, prizing, and rebate revenue increased by \$0.5 million to \$3.5 million or 18% over the same prior year period, primarily driven by increased activity from a major U.S. customer, and an increase in override rebate revenue from prizing programs. The increase was further supported by revenue contributions from the Fannex acquisition completed in February 2025, whose business has a seasonality effect given concentration in winter sports leagues.

Direct labour costs increased by \$0.3 million or 97% and fulfillment costs increased by \$0.04 million or 13% for the three-month period ended December 31, 2025, primarily due to the increase of contract and promotional programs engaged or launched in the period. Allocated direct labour costs resulted in an increase in operating and administrative expenses, reducing operating expenses in the current period. Increases to operating and administrative expenses in the segment were primarily driven by the acquisition of Fannex operations in February 2025, increasing personnel costs by \$0.3 million and an increase in advertising costs of \$0.1 million in the quarter.

Amortization expense of \$0.5 million for the three-month period ended December 31, 2025 was incurred due to the acquisition of Fannex in the first quarter of 2025, including the addition of capitalized development costs, causing an increase to the amortization expense compared to the pre-acquisition period. Additionally, the completion of the Fannex acquisition generated an adjustment to the valuation of the purchase price assigned to, among other things, intangible assets in the fourth quarter of 2025. This adjustment generated an increase to amortization expense in the quarter of \$0.3 million for the year.

Gross Margin decreased from 78% to 72%, due to added labour and contractor costs on non-capitalizable system enhancements that were recorded as Cost of Sales. The Company received approximately \$0.10 million of government grant funding for research initiatives. This funding was recorded as Other Income in the segment.

In the period, Other income did not include a foreign exchange gain or loss nor Canada's Scientific Research & Experimental Development program tax credits. In comparison, \$0.03 million was deemed claimable over the three-months period ended December 31, 2024.

IC GROUP HOLDINGS INC.

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IC Mobile

Revenue	<u>For 3 Months ending</u> <u>December 31, 2025</u>	<u>For 3 Months ending</u> <u>December 31, 2024</u>	<u>Change</u>
Mobile messaging	3,316,754	2,220,562	49%
	3,316,754	2,220,562	49%
Cost of Sales			
Mobile messaging carrier costs	(2,665,414)	(1,581,591)	69%
	(2,665,414)	(1,581,591)	69%
Gross Profit	651,340	638,971	2%
Gross Margin	20%	29%	
Operating expenses			
Amortization Expense	(132,078)	(132,478)	0%
Operating and administrative expenses	(680,548)	(700,266)	(3%)
Operating income (loss), as reported	(161,286)	(193,773)	17%
Add back:			
Messaging System replacement	-	47,875	(100%)
Messaging System enhancement	95,000	-	100%
Adjusted operating income (loss)	(66,286)	(145,898)	(55%)

IC Mobile revenue grew organically by 49% or \$1.1 million to \$3.3 million, driven by increased traffic across all customers with wholesale customers driving most of the increase. The increase was further supported by professional set up fees with existing wholesale customers.

Cost of Sales increased 69% to \$2.7 million compared to \$1.6 million in the prior year, driven by the increase in sales and related traffic volumes along with industry-wide price increases implemented by several carriers during the fiscal year. An expected decline in Gross Margin to 20% in the three-months ended December 31, 2025 compared to 29% in the same period in 2024 is driven by the change in business model to support more wholesale customers driving higher traffic volume at lower margins, along with the impacts from carrier price increases not being fully transferred to all enterprise customers during the quarter.

Operating and administrative expenses declined 3% to \$0.68 million during the three-month period ending December 31, 2025 compared to \$0.70 million during the same period in the prior year, as personnel costs and hosting and service fees have transitioned from integration to scaling and business development costs. Also included in Operating and Administrative expenses in 2024 were development, onboarding and integration costs incurred related to the replacement of the core messaging system. These were recognized as a one-time expense with total costs incurred in the three-months ended December 31, 2024 of \$0.05 million. In the three-months ended December 31, 2025, \$0.10 million was incurred to enhance the mobile messaging platform to develop multimedia messaging service ("MMS") and rich communication service ("RCS") traffic flow capabilities.

Amortization expense of \$0.1 million for the three-month period ended December 31, 2025 was consistent with the prior year period and relates to the Company's investment in the acquired customer contracts.

IC GROUP HOLDINGS INC.

Management's Discussion & Analysis

For the three-month period and year ended December 31, 2025

IC Insurance

	<u>For 3 Months ending</u> <u>December 31, 2025</u>	<u>For 3 Months ending</u> <u>December 31, 2024</u>	<u>Change</u>
Revenue			
Profit and sales commissions	357,994	276,485	29%
Rating site and administrative income	22,940	16,296	41%
	380,934	292,781	30%
Cost of Sales			
Brokerage commissions	(142,045)	(121,876)	17%
	(142,045)	(121,876)	
Gross Profit	238,890	170,905	40%
Gross Margin	63%	58%	
Operating expenses			
Amortization Expense	(93,456)	(93,051)	0%
Operating and administrative expenses	(339,467)	(342,427)	(1%)
Other income (expense)	(14,618)	10,133	(244%)
Operating income	(208,650)	(254,440)	18%

Revenue increased 29% to approximately \$0.4 million during the three-month period ending December 31, 2025 due to a successful increase in market penetration and expansion of insurance product offerings which helped drive a strong fourth quarter relative to the prior year. This is despite a softening insurance market, increased competition, and a planned remediation of the product sales mix to manage loss ratios and improve recurring revenue. The IC Insurance segment realized sooner than anticipated surges in new business from United States and United Kingdom markets, as a result of business development sales efforts which generated revenues in the contractual bonus space and additional event cancellation business. Additionally, an expected program termination with a US customer occurred resulting in a decline in administrative income.

Gross Profit increased 40% due to higher sales in the quarter, while Gross Margin also increased to 63% in the three-month period ending December 31, 2025 compared to 58% in the same period in 2024. This margin improvement was driven by the improved profit commission recorded in the fourth quarter of 2025 compared to the third quarter in the comparative year.

Operating and administrative expenses incurred in the fourth quarter of 2025 decreased by 1% compared with the prior year period due to increases in payroll and benefits, offset by a reduction in contractor and professional fees. Also included is \$0.1 million of amortization expense for the period (2024 - \$0.1 million), mostly related to the Company's investment in the internally developed quote/rate/bind "Glide" platform.

IC GROUP HOLDINGS INC.

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For the three-month period and year ended December 31, 2025

2025 HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2025

The following review presents IC Group's financial position as at December 31, 2025, and its results from operations for the year ended December 31, 2025, compared to the same period for 2024:

- Revenues increased by 50% to \$26.9 million for the year ended December 31, 2025 compared to \$17.9 million in 2024. Gross Profit increased 29% to \$12.4 million compared to \$9.6 million in the prior year.
- Approximately 95% of the revenue growth was driven by organic growth across all divisions.
- The overall Gross Margin across all businesses expectedly declined to 46% for 2025 from 54% during 2024 due to lower margin mobile messaging revenue representing 46% of overall revenue compared to 38% in 2024.
- Approximately 68% of revenue (\$18.3 million) for the year ended December 31, 2025 is ARR, compared to 63% in the same period of 2024, representing a 7% improvement.
- Adjusted EBITDA increased by 66% to \$1.4 million for the year ended December 31, 2025, compared to \$0.8 million in the same period last year due to improved revenues and Gross Profit. Gross profit, which increased across all business segments by \$2.8 million, was offset by higher corporate costs, primarily driven by the acquisition of Fannex, acceleration of the integration of recently acquired businesses, and supporting future growth as a public company. Strategic decisions to reduce subscription costs in the IC Engage segment also supported the improvement of Adjusted EBITDA in the fiscal year.
- In the second quarter, the Company announced the renewal of a five-year services agreement with one of the world's largest enterprise technology companies operating in over 190 countries. The contract, awarded to IC Group and to be serviced by the Company's IC Engage business segment, strengthens a relationship that has spanned over a decade and extends the partnership through 2030.
- On May 8, 2025, the Company announced the appointment of Robert White as a new Director. Mr. White brings over two decades of experience in global capital markets, asset management, and fintech. He is currently a Partner at Legion3 Capital, a private investment firm based in Toronto. He previously served as CEO of Outcome Wealth Management. He also held several senior positions at the Bank of Montreal, including Managing Director and Head of Fixed Income Trading, Global Funding, and Capital Markets Asset Management. During his tenure there, he was instrumental in driving significant revenue, liquidity, and risk management initiatives.
- Through independent, external audits of the company's Information Management Systems the Company received recertification of ISO27001 in June of 2025. ISO27001, a globally recognized standard for Information Security Management Systems (ISMS), provides a framework for organizations to establish, implement, maintain, and continually improve their ISMS. Certification against this standard demonstrates a commitment to robust information security practices and can be crucial for businesses, especially those handling sensitive data or operating in regulated industries.
- On September 15, 2025, the Company amalgamated Emotion Media Inc. into IC Group Inc., to achieve administrative, synergistic, and tax planning benefits for the company.

IC GROUP HOLDINGS INC.

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- On March 4, 2024 1119 Canada entered into a letter of intent with Cuspis, a Capital Pool Company as defined under the policies of the Exchange, to complete a business combination that would result in the reverse take over of Cuspis by 1119 Canada and which would result in a Qualifying Transaction for Cuspis. The Qualifying Transaction closed February 21, 2025, and included a brokered private placement financing of common shares and attached warrants for aggregate gross proceeds of \$1.2 million along with \$0.3 million of shareholder loans converted to equity improving the Company's liquidity.
- In conjunction with the Qualifying Transaction, on February 21, 2025 IC Group acquired 86% of the shares of Emotion Media Inc., resulting in IC Group owning 100% of Emotion Media Inc., cementing IC Group's position in the live Sports and Entertainment industry.
- During the fiscal year, IC Group paid down \$0.9 million in debenture obligations reducing the balance outstanding to \$1.3 million. The debentures were assumed in connection with the acquisition of Emotion Media Inc. IC Group also reached agreement with two holders of its outstanding debentures to defer aggregate scheduled repayments totaling \$1.2 million to July 1, 2027 and December 1, 2027 which improves near-term liquidity, balance sheet flexibility and supports growth initiatives.
- On October 30, 2025, Insured Creativity Inc. ("ICI") a subsidiary of IC Group, acquired certain assets of Players Health Cover Canada Inc., a subsidiary of the U.S. based Ao1 Holdings Inc. ("Players Health (US)"), a leading provider of insurance solutions for athlete safety tailored to the live sports industry. The acquisition is expected to drive incremental annual recurring revenue opportunities while deepening IC Group's footprint in the sports and entertainment ecosystem.
- On December 19, 2025, IC Group completed a non-brokered private placement raising gross proceeds of \$3,759,325. Gross proceeds will be utilized to accelerate growth by scaling high-impact sales and marketing initiatives across its business units and making targeted technology investments to expand and monetize its next-generation messaging ecosystem. This includes the continued integration of Rich Communication Services (RCS) and the expansion of Fannex, its live engagement platform. Remaining proceeds will be used to strengthen working capital and support general corporate purposes.

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Management's Discussion & Analysis

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ANALYSIS OF RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025

The following section sets forth, for the periods indicated, certain financial data derived from the Company's consolidated financial statements.

Years Ended December 31,	2025	2024	Change
Revenue	26,939,218	17,918,815	50%
Gross Profit	12,370,004	9,608,480	29%
Operating income (loss)	(2,124,298)	(5,289,253)	(60%)
EBITDA	(1,184,559)	(3,798,523)	(69%)
Net Earnings (Loss) for the period	(3,525,857)	(5,465,232)	(35%)
Earnings Per Share * (Basic and diluted)	(0.11)	(0.23)	(53%)

* The Company effected a 7.89:1 share split on the same date. All share and per share amounts reflecting figures prior to February 21, 2025, have been retrospectively presented in the consolidated financial statements and this MD&A to reflect the share split.

Adjustments to EBITDA:

	Years Ended December 31,	
	2025	2024
EBITDA	(1,184,559)	(3,798,523)
Adjustments to EBITDA		
1. Acquisition related professional fees	-	58,778
2. Fees – Financing / Public Listing	717,299	404,252
3. Listing Expense – Cuspis RTO	1,060,648	-
4. Mobile messaging platform replacement costs	-	996,850
5. Mobile messaging platform enhancement costs	145,000	-
6. Employee stock option expense	-	2,137,775
7. Director fees on successful completion of transaction	175,000	-
8. Management Stock Option expense	459,519	731,613
9. Share-based signing bonuses	-	294,002
Adjusted EBITDA	1,372,907	824,747

Footnotes

- Acquisition related professional fees reflects legal costs incurred to complete the acquisitions of Pickaw S.A.S (May 2024) and the mobile messaging assets from ICF Next (November 2023)
- Financing related professional fees reflect corporate finance, legal, and valuation costs incurred for the raising of capital during the reverse takeover transaction with Cuspis Capital II Ltd. which closed in February 2025 and the non-brokered private placement which closed in December 2025.
- In conjunction with the reverse takeover transaction with Cuspis Capital II Ltd. mentioned above, the company recorded a listing expense to reflect the paid premium in shares issued to Cuspis shareholders (\$2.2 million) less the fair value of assets transferred (\$1.2 million) to the Company.
- Mobile messaging core system replacement costs relate to the Company's investment to transition the messaging gateway to a new platform designed to significantly enhance messaging traffic growth and diversify the Company's capabilities in delivering differentiated solutions to its customers.
- Mobile messaging platform enhancement costs relate to the Company's investment to develop multimedia messaging service ("MMS") and rich communication service ("RCS") traffic flow capabilities.
- Employee stock option expense relates to the amortization expense for a one-time granting of stock options to long-standing employees of the Company.
- One of the Company's former directors was engaged for services to support the successful completion of the reverse takeover transaction and acquisition of Fannex. As part of those services the Director agreed to compensation in the form of cash and shares.
- Management stock option expense relates to the vesting of Management stock options awarded to senior management to align their incentives with the Company.
- Share-based bonuses relate to one-time inducements of common shares awarded to 2 executives who joined the Company in 2024.

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Management's Discussion & Analysis

For the three-month period and year ended December 31, 2025

Revenue for the year ended December 31, 2025 increased by 50% to \$26.9 million, compared with \$17.9 million during the same period in 2024. The overall increase in revenue was attributable to an 86% increase in IC Mobile revenue, a 31% increase in IC Engage revenue and a 21% increase in IC Insurance revenue during the year.

Gross Profit for the year ended December 31, 2025 increased 29% to \$12.4 million compared to \$9.6 million during the same period in 2024. The Company's cost of sales for the year ended December 31, 2025, increased by 75% to \$14.6 million compared to \$8.3 million in 2024. The expected increase in the Company's cost of sales is largely attributed to the mobile messaging cost of sales of \$9.9 million compared to \$4.5 million in 2024 from increased messaging volumes realized and increased carrier rates that are passed through to most customers. Also contributing to this overall increase was a 35% or \$2.2 million improvement in Digital Promotion's Gross Profit compared to the same period in 2024.

The overall Gross Margin across all businesses expectedly declined to 46% for the year ended December 31, 2025 from 54% during the same period in 2024 due to lower margin mobile messaging revenue representing 46% of overall revenue compared to 38% in 2024.

Amortization expense increased to \$1.8 million during the year ended December 31, 2025 compared to \$1.2 million in the prior year. There was a decrease of \$0.2 million in amortization expenses in the IC Mobile segment due to the disposal of the previously acquired messaging gateway asset in June 2024; this was offset by an increase of \$0.7 million in amortization expense in the IC Engage segment due to the acquisition of Pickaw in May 2024 and Fannex in February 2025.

Operating and administrative expenses (excluding amortization) for the year ended December 31, 2025, decreased by 17% to \$12.7 million, compared to \$15.3 million in the same period in 2024. The overall decrease in operating and administrative expenses was primarily due to the one-time issue of share-based compensation to long tenured employees in the form of employee options granted in September 2024, offset by additional expenses incurred from the acquisitions of Pickaw S.A.S and Fannex which are included in the full 2025 fiscal year but only partially for Pickaw in 2024. Similarly, there was an increase in legal and professional service fees as part of the acquisition of Fannex and the reverse takeover with Cuspis Capital II, on February 21, 2025, together with the non-brokered private placement capital raise which closed in December 2025.

Employed and contract personnel costs not allocated to direct cost of sales comprised approximately 66% of total operating and administrative expenses for the year ended December 31, 2025, decreasing approximately 19% to \$8.4 million, compared to \$10.4 million in 2024. The expected decrease is primarily due to the one-time employee option grant in 2024, higher utilization rates of IC Engage development teams in the years ended December 31, 2025 compared to the same period in 2024, which increased the allocation of labour costs to cost of sales from operating and administrative expenses. These were offset by additional staffing costs absorbed through the Fannex and Pickaw S.A.S acquisitions and expanded sales and marketing teams positioning the Company for future growth, and recurring management share option amortization expense.

Professional service fees for the year ended December 31, 2025 increased by 29% to \$1.6 million compared to \$1.2 million in 2024, mostly driven by one-time broker fees paid in Q1 2025 as part of the capital raise during the listing transaction closed on February 21, 2025 and broker fees paid in Q4 2025 as part of the private placement offering transaction closed on December 19, 2025. This was offset by the stabilization of legal and consulting costs incurred post the reverse takeover transaction.

Interest expense for the year ended December 31, 2025, increased by 21% to \$0.76 million, compared to \$0.63 million in 2024, due primarily to the additional accrued interest on the debenture debt related to the Fannex acquisition.

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Net loss for the period ended December 31, 2025, was \$3.5 million compared to a net loss of \$5.5 million during the same period in 2024. The net loss for the year ended December 31, 2025 was mainly due to one-time costs incurred related to the acquisition of Fannex, reverse takeover of Cuspis Capital II, non-brokered private placement in December 2025, share issuance and option expense to directors and management of the corporation for retention, promotion, and successful completion of the qualifying transaction, and increased advertising and staffing levels to support the public listing and future growth of the Company. These cost increases were offset by an increase in \$2.6 million in gross profit across all segments derived from organic and acquisition growth, higher utilizing rates of employed personnel on billable projects and a reduction in subscription fees paid to social networks in the IC Engage segment.

Adjusted EBITDA for the year ended December 31, 2025 was \$1.4 million compared to \$0.8 million in 2024, an increase of 66%. The Adjusted EBITDA improvement was reflective of the growth in mobile messaging revenues, improved operating leverage, and the continued enhancement of servicing of high profile and unique campaigns in the IC Engage segment. These increases in revenue and Gross Profit were offset by corporate costs of \$1.0 million from the operations of recent acquisitions, acceleration of the integration of recently acquired businesses and to support future growth as a public company.

Individual business segment performance is discussed below.

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IC Engage

Revenue	<u>For the year ended</u> <u>December 31, 2025</u>	<u>For the year ended</u> <u>December 31, 2024</u>	<u>Change</u>
Contract, prizing, and rebate revenue	12,518,020	9,585,063	31%
	12,518,020	9,585,063	31%
Cost of Sales			
Direct labour	(2,371,998)	(1,801,704)	32%
Fulfillment costs	(1,598,535)	(1,465,497)	9%
	(3,970,533)	(3,267,201)	22%
Gross Profit	8,547,487	6,317,862	35%
Gross Margin	68%	66%	
Operating expenses			
Amortization Expense	(884,777)	(176,262)	402%
Operating and administrative expenses	(5,790,335)	(5,169,656)	12%
Other income (expense)	29,077	350,222	(92%)
Operating income (loss)	1,901,452	1,322,166	44%

Contract, prizing, and rebate revenue increased by \$2.9 million to \$12.5 million or 31% during the year ended December 31, 2025, primarily driven by increased activity from several core U.S. customers, an increase in override rebate revenue from prizing programs; and the recognition of contract revenue for several large unique promotions with a major US customer which launched in the fiscal year. The increase was further supported by revenue contributions from the Fannex acquisition completed in February 2025.

Direct labour increased by 32% and fulfillment costs increased 9% for the year ended December 31, 2025 compared to the prior year, primarily due to the increase of contract and promotional programs engaged or launched in the period, reflecting an increase in utilization rates of personnel. Unallocated direct labour costs result in an inverse impact to operating and administrative expenses. Increases to operating and administrative expenses in the segment were driven by the acquisitions of Pickaw and Fannex operations.

Gross Margin increased from 66% to 68% in the year, due to increased override revenue and improved efficiencies on delivering promotional services.

Operating Income (loss) saw a 69% improvement to \$2.2 million over the year ended December 31, 2025 compared to \$1.3 million in 2024.

In 2025 there was a \$0.1 million foreign exchange gain and \$0.1 million in government funding through the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) included in Other income. No refundable investment tax credits related to Canada's Scientific Research & Experimental Development program are estimated to be earned in the year. In comparison, in 2024 \$0.1 million was deemed claimable over the year ended December 31, 2024.

IC GROUP HOLDINGS INC.

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IC Mobile

Revenue	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>	<u>Change</u>
Mobile messaging	12,487,282	6,731,682	85%
	12,487,282	6,731,682	85%
Cost of Sales			
Mobile messaging carrier costs	(9,921,297)	(4,458,415)	123%
	(9,921,297)	(4,458,415)	123%
Gross Profit	2,565,985	2,273,267	13%
Gross Margin	21%	34%	
Operating expenses			
Amortization Expense	(528,311)	(694,913)	(24%)
Operating and administrative expenses	(2,489,515)	(2,882,616)	(14%)
Other income (expense)	-	-	-
Operating income (loss), as reported	(451,841)	(1,304,262)	(65%)
Add back:			
Messaging system replacement	-	996,850	(100%)
Messaging system enhancement	145,000	-	100%
Adjusted operating income (loss)	(306,841)	(307,412)	0%

IC Mobile revenue increased organically by 85% or \$5.8 million to \$12.5 million, during 2025 compared to 2024. This increase was driven by increased traffic across all customers with wholesale customers driving most of the increase. The increase was further supported by professional set up fees with existing customers for the onboarding of new message traffic.

Cost of Sales increased 123% to \$9.9 million compared to \$4.5 million in the prior year, driven by increased sales and related traffic volumes along with industry-wide price increases implemented by several carriers during the period. An expected decline in Gross Margin to 21% for the year ended December 31, 2025 compared to 34% in the same period in 2024 was driven by the change in the business model to support more wholesale customers, driving higher traffic volume at lower margins. This, along with impacts from carrier price increases not being fully transferred to all customers, caused a reduction in the Gross Margin for the segment in the fiscal year.

Operating and administrative expenses were reduced by 14% to \$2.5 million during the year ended December 31, 2025, compared to \$2.9 million in the prior fiscal year, as personnel costs, hosting, and service fees transitioned from integration expenses to scaling and business development costs. Included in Operating and Administrative expenses in the prior year were onboarding and integration costs related to the replacement of the core messaging system. These were recognized as a one-time expense with a total cost incurred in the year ended December 31, 2024 of \$1.0 million. In the year ended December 31, 2025, \$0.1 million was incurred to enhance the mobile messaging platform to develop MMS and RCS traffic flow capabilities.

Amortization expense of \$0.5 million for the year ended December 31, 2025 related to the Company's investment in the acquired customer contracts. This was 24% lower than the \$0.7 million recognized for the 2024 fiscal year as the acquired messaging gateway platform was fully depreciated by the end of June 2024.

Adjusted Operating Income (loss) was consistent to prior year at (\$0.3 million) for the year ended December 31, 2025.

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IC Insurance

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>	<u>Change</u>
Revenue			
Profit and sales commissions	1,735,899	1,283,085	35%
Rating site and administrative income	198,018	318,985	(38%)
	1,933,917	1,602,070	21%
Cost of Sales			
Brokerage commissions	(677,385)	(584,719)	16%
	(677,385)	(584,719)	
Gross Profit	1,256,532	1,017,351	24%
Gross Margin	65%	64%	
Operating expenses			
Amortization Expense	(372,591)	(372,205)	0%
Operating and administrative expenses	(1,247,517)	(1,150,985)	8%
Other income (expense)	(23,764)	5,658	(520%)
Operating income (loss)	(387,339)	(500,181)	23%

Revenue increased by 35% to \$1.9 million during the year ended December 31, 2025, from an increase in both volume of risks bound and the average size of premiums bound. This increase over the prior year occurred despite a softening insurance market, increased competition, and a planned remediation of the product sales mix to manage loss ratios and improve recurring revenue, all of which put downward pressure on the business segment's results. Additionally, due to the ongoing evolution of the insurance business model, an expected program termination with a US customer occurred during the second quarter resulting in a decline in administrative income.

Gross Profit improved 24% over the prior year period due to higher revenues and a marginal increase in Gross Margin by 1% to 65% in the year ending December 31, 2025, compared to 64% in 2024; while experiencing a reduction in Gross Profit from the program termination mentioned above, indicating that the Company was able to improve its take rate on bound premiums. Gross Margin improved on an annual basis over last year as take rates in the contingency business increased due to improved sales quoting strategies for contractual bonus business.

Operating and administrative expenses in 2025 increased 8% compared with the prior year due to increases in payroll and benefits, driven by recent hires in the sales and operations team. Amortization expense of \$0.4 million was recorded for the year ended December 31, 2025 (2024 - \$0.4 million), which was mostly related to the Company's investment in the development of the "Glide" platform.

IC GROUP HOLDINGS INC.

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Geographic Customer Revenue Mix

For the year ended December 31, 2025, revenue remained concentrated in North America. United States based customers accounted for 75% of total revenue (2024 – 67%), heavily supported by increased usage and program execution across enterprise accounts. Canada represented 23% of revenue (2024 – 30%), with the change driven by stronger relative growth in the United States during the fiscal year. International revenue accounted for 2% of total revenue (2024 – 3%). Smaller contributions from Other Countries reflected early-stage customer activity in Europe, the Middle East, and Africa (EMEA) as well as the Asia-Pacific region (ASPAC), as the international acquisition of Pickaw in France and the acquisition of Fannex see expanded support and growth into newer geographic markets.

The following table presents geographic revenue concentration by operating segment in the year ended December 31, 2025:

Countries	IC Engage	IC Mobile	IC Insurance	Total
USA	94%	60%	31%	76%
Canada	4%	40%	57%	22%
Other	2%	0%	12%	2%
Total	100%	100%	100%	100%

The following table presents geographic revenue concentration by operating segment in the year ended December 31, 2024:

Countries	IC Engage	IC Mobile	IC Insurance	Total
USA	93%	37%	14%	67%
Canada	5%	63%	62%	30%
Other	2%	0%	23%	3%
Total	100%	100%	100%	100%

Across segments, IC Engage and IC Mobile continued to represent the majority of revenue in North America. The customer make-up of Fannex at the time of acquisition, which is included in IC Engage segment, was approximately 37% Canada, 47% USA, and 16% Other. IC Mobile activity remained scaled across both major North American markets. IC Insurance contributions were concentrated in Canada and in select international jurisdictions.

As at December 31, 2025, the Company served over 150 active customers, compared with approximately 85 active customers as at December 31, 2024, the increase primarily driven from the acquisition of Fannex.

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Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at December 31, 2025 and December 31, 2024.

As at	December 31, 2025	December 31, 2024
Cash	4,810,720	101,329
Current assets	17,635,460	8,892,766
Total assets	32,929,047	20,701,781
Current liabilities	18,167,641	11,091,635
Total liabilities	25,758,420	20,606,962
Shareholders' equity	7,170,627	94,819

Total assets were \$32.9 million as at December 31, 2025, an increase of \$13.7 million or 59%, compared to December 31, 2024. The increase was related primarily to an increase in restricted cash held for prizing fulfillment of \$4.7 million, acquisition of the remaining shares of Emotion Media Inc. (Fannex) for \$3.5 million (net of acquired debentures), cash received from the reverse takeover of Cuspis Capital II and associated capital raise of a net \$2.5 million, and net cash of \$3.5 million received from the private placement which closed on December 19, 2025. An increase in net customer deposits for prizing, which offsets the restricted cash position of \$4.7 million and the transfer of the Fannex's debentures, (\$2.1 million acquired less \$0.9 million paid since the successful capital raise in February 2025) were the main components of the increase of total liabilities of \$7.0 million at December 31, 2025 compared to prior-year end. An increase of \$7.1 million in total shareholders' equity, was driven by the share capital issued for the acquisition of Emotion Media Inc., qualifying reverse takeover and capital raise transactions in the year, offset by the net earnings (loss) of the year, largely due to one-time costs associated to those transactions, and the option expense incurred for directors and management of the corporation for incentive alignment and retention purposes.

As a result of the amalgamation of Emotion Media Inc. (Fannex) and IC Group Inc. legal entities on September 15, 2025, the Company has a balance of approximately \$5.6 million of Canadian non-capital loss carryforwards available to offset future taxable income generated by a majority of the Company's operations.

Management is comfortable with the negative working capital balance of approximately \$0.5 million, primarily because it is largely comprised of deferred revenue of the Digital Promotion segment which reported a year-to-date gross margin of 68%. It is expected that bank indebtedness of \$1.5 million will be reduced from excess cash flow from operations.

DEBT FINANCING

The Company continued to deleverage through 2025, a product of paying down its senior credit facility, raising capital through the issuance of common shares and increasing Adjusted EBITDA.

As at December 31, 2025 senior long-term debt was \$7.7 million compared to \$9.1 million at December 31, 2024. The Company's senior long-term debt primarily consists of a credit facility provided by a Canadian bank.

The terms of the Senior Lender credit facility require that the Company's financial performance must not exceed a maximum debt to EBITDA ratio and a minimum fixed charge ratio. On December 29, 2025, the Group received a letter from Senior Lender acknowledging that it was aware that the Group would be in breach of its financial covenants

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for the testing period ended January 1, 2026. The Senior Lender also confirmed that, notwithstanding the financial covenant breach, it will not exercise its rights to demand repayment or enforce remedies in respect of the related borrowings prior to January 1, 2027, solely as a result of the covenant breach tested on January 1, 2026.

On December 19, 2025, the Company completed a non-brokered private placement offering gross proceeds of \$3.8 million, to support operations and improve liquidity.

IC Group has available credit facilities in the form of an overdraft facility to a maximum of \$0.9 million and a \$0.5 million working capital loan, bearing interest at prime plus 2%. As at December 31, 2025 and December 31, 2024, neither of these credit facilities were utilized.

During the fiscal year ended December 31, 2025, the Company made scheduled principal repayments on its long-term credit facility of \$1.4 million.

As part of the acquisition of Fannex the company assumed approximately \$2.6 million of debentures and accrued interest payable, of which approximately \$0.6 million was already due to the Company from Fannex. At the closing of the acquisition on February 21, 2025, the Company repaid \$0.4 million of the outstanding balance, including \$0.1 million related to its proportionate share of the obligation. The remaining balance of principal and accrued interest at December 31, 2025 was \$1.3 million, of which \$0.1 million was a current liability.

SHARE CAPITAL

Issued shares and warrants

During the year ended December 31, 2025, IC Group issued 15,151,576 common shares for the following purposes:

	Common Shares Issued	Amount (\$)
Acquisition of Emotion Media Inc. (Fannex)	3,211,009	2,456,422
Reverse Takeover of Cuspis Capital II	2,900,000	2,218,500
Brokered private placement subscription offering #1	1,205,250	922,017
Non-broker private placement subscription offering #2	7,518,650	3,142,577
Shareholder loans settled in share subscription	316,667	242,250
	15,151,576	8,981,766

In conjunction with the brokered private placement and shareholder loan conversions, 1,521,917 common share purchase warrants were issued. Each warrant entitles the holder to purchase one IC Group common share at an exercise price equal to \$1.20 until February 20, 2029. As part of compensation for leading the private placement offering, the broker received warrants which entitle the holder to purchase one IC Group common share at an exercise price equal to \$1.00 until February 20, 2029. As at December 31, 2025, no warrants had been exercised.

Similarly, in conjunction with the non-brokered private placement and shareholder loan conversions, 3,759,325 common share purchase warrants were issued. Each warrant entitles the holder to purchase one IC Group common share at an exercise price of \$0.65 until June 18, 2028. As part of compensation for participating in the private placement offering, the Company paid brokers finder's fees of \$0.14 million in cash and issued 287,580 finder's

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warrants, each exercisable at \$0.50 per share until June 18, 2028. As of December 31, 2025, no warrants had been exercised.

Share options

In September 2024, 2,077,251 share options were granted to management to align their incentives in the Company. These options vest in two equal tranches on January 1, 2025, and January 1, 2026, having a strike price of \$0.73 per share. As of December 31, 2025, no vested options had been exercised and 155,911 unvested options were cancelled.

During the year ended December 31, 2025, the Company granted an aggregate of 75,000 stock options at an exercise price of \$0.65 per share. These options vest 50% on each of April 9, 2026 and 2027 and expire April 9, 2035. The Company also granted an aggregate of 325,346 stock options at an exercise price of \$0.54 per share to six executives as partial settlement of their 2024 performance bonuses. These options vest 50% on each of June 29, 2026 and 2027 and expire June 29, 2035. The company also granted an aggregate of 525,001 stock options at an exercise price of \$0.50 per share to the Company's directors of the board. These options vest 33% on each of December 22, 2026, 2027, and 2028 and expire December 22, 20235.

LIQUIDITY AND CAPITAL RESOURCES

Capital is comprised of the Company's shareholders' equity and debt facilities. As at December 31, 2025, the Company's shareholders' equity was \$8.0 million (\$0.1 million at December 31, 2024) and there was \$9.5 million of debt and debentures outstanding (\$10.1 million at December 31, 2024). In the year ended December 31, 2025, debt decreased in the year due to principal repayments of \$1.4 million on senior debt, repayments of \$0.9 million of Fannex debentures, and repayments of \$0.3 million of shareholder loans through share and warrant issuances, offset taking on \$2.3 million of debenture and interest payable on February 21, 2025 as part of the Emotion Media Inc. (Fannex) acquisition.

The Company's cash flows for the year ended December 31, 2025 and 2024 are summarized in the table below.

Year Ended December 31,	2025	2024
Cash flows provided by (used for) operating activities	1,571,983	274,746
Cash flows provided by (used for) financing activities	4,004,126	(786,630)
Cash flows used in investing activities	(773,330)	(726,646)
Increase (decrease) in cash for the period	4,802,779	(1,238,530)
Cash, beginning of the period	101,329	1,176,270
Cash, end of the period	4,810,720	101,329

Cash flows provided by operating activities were \$1.6 million for the year ended December 31, 2025 (2024 – \$0.3 million), higher by \$1.3 million. A lower net loss of \$1.8 million vs. the prior fiscal year was further supported by adjustments of large non-cash items including the listing expense of \$1.1 million related to the RTO transaction and amortization of share option expense of \$0.5 million (2024 – \$2.2 million). Significant components of the improvements in cash flows from operating activities between the comparative periods were driven by growth in customer activity in the IC Engage segment, driving higher cash inflows to launch large customized global promotions. This growth in customer activity led to an increase of deferred revenue of \$1.3 million and customer deposits – prizing of \$3.7 million, and higher growth in accounts payable and accrued liabilities of \$1.1 million as a result of mobile

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messaging traffic increases impacting working capital. These were offset by an increase in accounts and other receivables and prepaid expenses of \$0.2 million and an increase of \$4.3 million to restricted cash on hand to fulfill customer deposits – prizing.

Cash flows provided by (used in) financing activities were \$4.0 million during the year ended December 31, 2025 (2024 – (\$0.8 million)), which were sourced from the issuance of common shares of \$5.3 million, issuance of stock options and warrants of \$1.0 million and offset by (\$1.4 million) of repayments of bank facilities, (\$0.2 million) repayments of notes payable, and (\$0.7 million) repayments of debentures net of accrued interest.

Cash flow used in investing activities was (\$0.8 million) during the year ended December 31, 2025 (2024 - \$0.7 million). The funds were used, along with the issuance of common shares, as part of the acquisition of Fannex on February 21, 2025 and capitalization of development costs on company platform software.

As a result of the above activities, at December 31, 2025, the Company has \$4.8 million of cash and other current assets totaling \$17.6 million, available to settle current liabilities of \$18.2 million.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended December 31, 2025 the Company incurred \$1.5 million of short-term compensation to related Directors and Officers (\$1.2 million - 2024) and share-based payments of \$0.2 million (\$1.2 million – 2024).

In 2024, certain shareholders committed to lending the Company up to \$0.8 million. These shareholder loans bear interest at a rate of 10.0% per annum payable monthly. On December 20, 2024 the Company obtained from these shareholders an extension of the repayment period to July 1, 2026. As at December 31, 2025, loans aggregating \$0.7 million had been advanced and \$0.3 million had been repaid in share issuance as part of the listing transaction (nil – 2024). At December 31, 2025, \$0.4 million remained outstanding.

Subsequent to the reporting period, on January 22, 2026, the Company completed a shareholder debt conversion transaction pursuant to which \$0.2 million of outstanding shareholder debt was converted into equity at a deemed price of \$0.50 per common share, resulting in the issuance of 350,000 common shares. The transaction reduced outstanding liabilities of the Company. On February 25, 2026, the shareholders of the remaining outstanding \$0.2 million shareholder debt entered into an agreement with the Company to further extend the repayment dates of the existing shareholder loans to March 31, 2027. The extensions did not result in any changes to the principal amounts outstanding, and interest continues to accrue in accordance with the original loan agreements.

Business Combinations

Acquisition of Emotion Media Inc. (Fannex)

On February 21, 2025, the Company acquired the shares of Fannex that it did not already own in exchange for \$0.3 million of cash and the issuance of 407,126 common (pre-split) shares of IC Group, including the assumption of approximately \$2.5 million of debentures and accrued interest payable, of which approximately \$0.6 million was already due to the Company from Fannex and of which approximately \$0.3 million was repaid on closing.

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ICG summarized the fair values of the assets acquired, liabilities assumed and consideration paid as follows:

Consideration paid	
Common shares (3,211,009)	2,456,422
Cash	250,054
Pre-acquisition investments in Fannex	
Common share investment	347,500
Debentures	409,233
Total consideration transferred	3,463,209

Acquired Assets and Liabilities	
Cash	30,546
Net working capital	(362,767)
Property and equipment	2,477
Internally developed software	3,152,000
Deferred tax asset	1,506,795
Bank indebtedness	(29,121)
Debentures and accrued interest	(2,063,034)
Deferred tax liability	(832,887)
Total identifiable net assets acquired	1,404,009

Total Consideration paid	3,463,209
Fair value of identifiable net assets acquired	1,404,009
Goodwill	2,059,200

Goodwill primarily represents the benefits of combining the Fannex business with the Company's IC Engage operating segment. Additionally, goodwill is attributed to the assembled workforce of Fannex.

The following table provides the remaining schedule of payments for the repayment of the debentures and accumulated interest not owned by the Company:

	Date	Amount
Debenture repayment #6	July 1, 2026	23,670
Debenture repayment #7	December 1, 2026	31,160
Debenture repayment #8	July 1, 2027	561,769
Debenture repayment #9	December 1, 2027	865,482
Total		2,418,783

All scheduled debenture repayments to December 31, 2025 have been repaid.

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Reverse Take Over, Equity Financings and Advances from Shareholders

On February 21, 2025, Cuspis, a Capital Pool Company listed on the Exchange, and 1119 Canada closed their previously announced business combination transaction which resulted in the reverse takeover of Cuspis by 1119 Canada and which constituted the Qualifying Transaction for Cuspis. 1119 Canada became the wholly owned subsidiary of Cuspis, and Cuspis, the resulting issuer, was renamed "IC Group Holdings Inc."

In furtherance of the business combination, on November 7, 2024, Cuspis and 1119 Canada closed a brokered private placement offering (the "Offering") of subscription receipts of IC Group ("Subscription Receipts") at a price of \$1.00 per Subscription Receipt for aggregate gross proceeds of \$1,205,250. Each subscription receipt entitled the holder, on a post-share split and share consolidation basis as described below, to one resulting issuer common share and one common share purchase warrant (each warrant, an "Underlying Warrant"). Each Underlying Warrant entitles the holder to purchase one resulting issuer common share at an exercise price equal to \$1.20 until the date that is 48 months following the closing date of the Qualifying Transaction.

In conjunction with the Offering, certain shareholders of 1119 Canada converted an aggregate \$316,667 of their advances into 316,667 Subscription Receipts. Interest on the remaining \$400,000 balance continues to accrue at a rate of 10% per annum, payable monthly.

Under the terms of the Qualifying Transaction, IC Group completed a 7.89:1 share split, resulting in 1119 Canada having a total of 29,000,000 shares outstanding (which includes securities of 1119 Canada issued to complete the acquisition of Fannex, but which excludes securities issued in the Offering). Cuspis completed a 1:4.31 share consolidation. Following the share split and share consolidation, holders of common shares of 1119 Canada, including those shares issuable pursuant to the Offering, received one post-amalgamation common share of the resulting issuer in exchange for each common share of 1119 Canada held. In addition, all options and warrants exercisable for IC Group common shares were exchanged for options and warrants exercisable for resulting issuer common shares, on the same economic terms and conditions as such original outstanding securities.

Upon completion of the Transaction, the Acquisition, the Offering, and the conversion of advances from shareholders, shareholders of ICG held 71.26% of the Resulting Issuer Shares.

On December 19, 2025, the Company closed a non-brokered private placement offering of units (the "Units") at a price of \$0.50 per Unit for aggregate gross proceeds of \$3,759,325. Each Unit consisted of one common share of the Company and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each whole Warrant entitles the holder to acquire one additional common share at an exercise price of \$0.65 per share for a period of 30 months from the date of issuance.

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SUBSEQUENT EVENTS

Subsequent to the reporting period, on January 22, 2026, the Company completed a shareholder debt conversion transaction pursuant to which \$175,000 of outstanding shareholder debt was converted into equity at a deemed price of \$0.50 per common share, resulting in the issuance of 350,000 common shares. The transaction reduced outstanding liabilities of the Company and did not give rise to any cash proceeds.

On January 28, 2026, the Company granted stock options in accordance with its stock option plan. An aggregate of 296,830 stock options were granted to certain employees and directors, exercisable at \$0.65 per common share and vested immediately upon grant. Of these options, 121,830 have a ten-year term expiring on January 28, 2036, and 175,000 have a 30-month term expiring on July 28, 2028.

In addition, the Company granted 120,000 stock options to a new employee as part of a long-term incentive arrangement. These options are exercisable at \$0.81 per common share, vest in three equal annual tranches commencing on the first anniversary of the grant date and have a ten-year term expiring on January 28, 2036.

On February 25, 2026, the shareholders of the remaining outstanding \$225,000 shareholder debt entered into an agreement with the Company to further extend the repayment dates of the existing shareholder loans to March 31, 2027. The extensions did not result in any changes to the principal amounts outstanding, and interest continues to accrue in accordance with the original loan agreements.

These events are considered non-adjusting subsequent events and have not been reflected in the amounts recognized in the financial statements as at year end.

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RISKS AND UNCERTAINTIES

AN INVESTMENT IN SECURITIES OF IC GROUP IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of IC Group consider the risks set forth below to be the most significant, but do not consider them to be all the risks associated with an investment in securities of IC Group. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with IC Group's business, actually occur, IC Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the IC Group's securities could decline, and investors may lose all or part of their investment.

Reliance on Key Personnel

The success of IC Group depends largely upon the continued services of its executive officers and other key employees, namely its Chief Executive Officer, Duncan McCreedy, its Chief Financial Officer, John Penhale, Marc Caron, Secretary of IC Group (and COO of IC Group Inc.) and David Sasaki, President of IC Insurance, and other senior leaders in the organization. IC Group relies on its leadership team in all areas of its businesses including IC Engage, IC Mobile, and IC Insurance including functional areas of financial operations, engineering, information technology, delivery, legal & compliance, operations, vendor management, marketing, sales, customer support, information security, general and administrative functions. From time to time, there may be changes in IC Group's executive management or leadership team resulting from the hiring or departure of executives, which could disrupt its business. IC Group does not have employment or contractor agreements with its executive officers or other key personnel that require them to continue to work for IC Group for any specified period and, therefore, they could terminate their contract or employment with IC Group at any time. The loss of one or more of IC Group's executive officers or key employees could harm IC Group's business. The Company carries no "Key Man" insurance on any of its management, and the loss of any of these individuals is likely to have a negative effect on the Company's operations. Changes in IC Group's executive management team may also cause disruptions in, and harm to, its business.

In addition, to execute IC Group's growth plan, IC Group must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for software engineers experienced in designing and developing software and SaaS applications and experienced sales professionals. IC Group has, from time to time experienced, and expects to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. If IC Group fails to attract new personnel or fails to retain and motivate its current personnel, its business and future growth prospects could be harmed. To mitigate this risk, IC Group engages with international outsourcing solutions to fill any temporary requirements and support scaling needs quickly.

Future Capital Needs and Uncertainty of Additional Financing

IC Group may need to raise additional funds to support more rapid expansion, technology investments, declines in actual earnings vs. forecasted earnings, increases in marketing expenses, or the funds needed to operate as a public company. There is no assurance that IC Group will be successful in obtaining the required financing, including for

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general working capital. There can be no assurance that such additional funding, if needed, will be available on terms attractive to IC Group or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of IC Group will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the common shares. If adequate funds are not available on acceptable terms IC Group may be unable to develop or enhance its business, take advantage of future opportunities, or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

Lengthy and Variable Sales Cycle

Selling some of the Company's products and solutions can be a long and complex process of up to 12 months. IC Group can spend a substantial amount of time educating potential customers about the use and benefits of its solutions. Because the adoption of the Company's digital and mobile solutions often represents a substantial investment, potential customers may take months to evaluate the benefits and obtain the necessary expenditure authorizations and financing required to purchase the Company's solutions. The customer onboarding process for some of IC Group's solutions may also involve a lengthy timeline driven by customer requirements. This process may be extended if the solutions are part of a larger project or ecosystem.

Because of these factors and the Company's limited revenue history with new acquisitions, it is especially difficult to forecast the Company's revenue and operating results. The Company's inability to accurately predict the timing and magnitude of the Company's sales could cause a number of problems, including the following: (i) the Company may expend significant management efforts and incur substantial sales and marketing expenses in a particular period that do not translate into orders during that period, or at all; and, (ii) the Company may have difficulty meeting its cash flow requirements and obtaining credit because of delays in receiving orders or delays in receiving payment for its products and services.

Ability to Achieve Revenue and Customer Growth

Although IC Group has diversified revenue streams generated via professional service fees, commission-based fees, transaction fees, and license fees for its SaaS platforms there is no assurance that future revenues will grow or be sufficient to generate the funds required to continue operations without external funding. Growth of the Company's recurring revenue helps offset and minimize revenue uncertainty.

Further, in future periods, IC Group's revenue growth could slow, or its revenue could decline for several reasons, including slowing demand for its product, increasing competition, any failure to gain, grow or retain channel partners, a decrease in the growth of its overall market, or its failure, for any reason, to continue to capitalize on growth opportunities.

IC Group's customers also have no obligation to renew their subscriptions or contracts after their term expires. Customers may also terminate contracts early subject to termination clauses and recovery of termination expenses, however there is no or little termination penalty. As a result, there can be no assurance that IC Group will be able to retain its customers, including new customers gained in recent acquisitions.

IC Group's costs associated with contract renewals are substantially lower than costs associated with generating revenue from new customers or costs associated with generating sales of additional solutions to existing customers. Therefore, if IC Group is unable to retain customers, even if such losses are offset by an increase in new customers or

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an increase in other revenues, its operating results could be adversely impacted.

IC Group may also fail to attract new customers, retain existing customers, or increase sales to both new and existing customers because of a number of other factors, including:

- reductions in its current or potential customers' spending levels.
- competitive factors affecting technology and SaaS solutions including the introduction of competing solutions, discount pricing and other strategies that may be implemented by its competitors.
- regulatory or legal restrictions in jurisdictions IC Group operates.
- tariffs or other applied economic penalties
- its ability to execute on its growth strategy and operating plans.
- a decline in its customers' level of satisfaction with its solution and customers' usage of its solution.
- changes in its relationships with third parties, including its partners, software developers, and others.
- the frequency and severity of any system outages.
- the pace of technological change

Ability to Manage Growth Effectively

IC Group has experienced, and may continue to experience, rapid growth and organizational change through its acquisitions, which has placed, and may continue to place, significant demands on its management, operational, technical, information security, and financial resources. IC Group's organizational structure is also becoming more complex as it integrates recent acquisitions and improves its operational, financial, technology, information security and management controls as well as its reporting systems and procedures. IC Group will require capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining its culture of rapid innovation, teamwork, and attention to customer success, which has been central to its business success to date. If IC Group fails to manage its anticipated growth and change in a manner that preserves the key aspects of its corporate culture, the quality of its solution may suffer, which could negatively affect its brand and reputation and harm its ability to retain and attract customers and employees.

In addition, as IC Group expands its business, it is important that it continues to maintain a high level of customer service and satisfaction. As IC Group's customer base continues to grow, IC Group may need to expand its account management, customer service, sales, and channel partners, to provide personalized service. If IC Group is not able to continue to provide high levels of customer service, its reputation, as well as its business, results of operations and financial condition, could be harmed.

Operating Risks

The Company's expenses or capital investments may increase in the future as it develops and launches new product features, expands in existing and new markets, increases sales and marketing efforts, and continues to invest in its technology. These efforts may be more costly than expected and may not result in increased revenue or growth in the Company's business. In addition, as IC Group is a newly public company, it will incur additional legal, accounting, and other expenses that it did not incur as a private company. Failure to increase revenue sufficiently to keep pace with investment and other expenses could prevent the Company from achieving or maintaining profitability or positive cash flow on a consistent basis.

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International Markets

Sales outside of Canada represent a significant portion of the Company's total gross revenues. Sales to international customers are subject to a number of risks and uncertainties including, but not limited to, complications in both compliance with and unexpected changes in foreign government laws, regulations and telecommunications standards, import and export license requirements, tariffs and other trade barriers, potential adverse tax consequences, fluctuations in currency exchange rates, exchange controls, complexity in collecting accounts receivable, difficulty in staffing and managing foreign or remote operations, potential political and economic instability, events of international terrorism, economic effects of public health threats such as pandemics or epidemics, uncertainties of laws and enforcement relating to the protection of property rights including intellectual property rights, unauthorized copying of the Company's proprietary technologies, uncertainties in local commercial or financial sector practices, uncertainties in local accepted business practices and standards which may not be similar to accepted business practices and standards in Canada and which may create unforeseen business or public relations situations, and other factors depending on the country involved. While international sales are typically denominated in U.S. dollars, or in the case of IC Insurance, in the currency of the country of the domiciled insured party, fluctuations in currency exchange rates could cause the Company's products to become relatively more expensive to customers in a particular country, leading to a reduction in sales or profitability in that country. As a result of these factors, the Company may not be successful in entering certain international markets and maintaining or increasing international market demand for the Company's products.

Economic Slowdown

From time-to-time markets witness the weakening of global macro-economic conditions. This weakness affects spending patterns on a global basis, and as a result may affect IC Group's ability to forecast current and future period revenues. Despite these potential weakness in economic activity, IC Group's customer base remains solid, and the Company remains encouraged by the level of interest that the marketplace continues to show in its offerings.

Mergers & Acquisition Risks

IC Group acquired its IC Mobile business through an asset purchase completed on November 1, 2023 (the "**Mobile Messaging Business**"), a Promotion Social SaaS platform business ("**Pickaw**") acquired on May 31, 2024, and Emotion Media Inc. (Fannex) on February 21, 2025. As such, IC Group has limited operational history with these businesses.

The Company may, when and if the opportunity arises, acquire other products, technologies or businesses involved in activities, or having product lines, that are complementary to its business. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies and products of the acquired companies, the diversion of management's attention from other business concerns, risks associated with entering new markets or conducting operations in industry segments in which the Company has no or limited experience and the potential loss of key employees of the acquired company. Even if such acquisitions are made, there can be no assurances that any anticipated benefits of an acquisition will be realized. Future acquisitions by the Company could result in potentially dilutive issuances of equity securities, the use of cash, the incurrence of debt and contingent liabilities, and write-off of acquired research and development costs, all of which could materially adversely affect the Company's operations and financial condition.

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Competition

The marketing, promotion, specialty insurance, and mobile messaging industries are intensely competitive and characterized by rapid changes in technology, shifting user needs and frequent introductions of new services and offerings. It is expected that competition will continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If IC Group is unable to anticipate or react to these competitive challenges, its competitive position could weaken, or fail to improve, and it could experience growth stagnation that could adversely affect its business, financial condition and results of operations.

Certain competitors have much greater financial, technical, marketing, research and development, product solutions, greater name recognition, longer operating histories or a larger customer base than IC Group does. They may be able to devote greater resources to the development, promotion and sale of offerings and offer a more desirable product, which could adversely affect results of operations. Further, they may have greater resources to deploy towards the research, development and commercialization of new technologies, product solutions or markets, its current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings.

If the Company is unable to compete successfully, its business, financial condition and results of operations could be adversely affected.

Brand and Reputational Risks

IC Group's reputation, brand, and the network effects among users of its solutions are critical to IC Group's success, and if IC Group is not able to continue developing its reputation, brand and network effects, its business, financial condition and results of operations could be adversely affected.

Building a strong reputation and brand as a reliable, affordable, and efficient solutions provider will be critical to the ability to attract and retain new users. The successful development of such reputation, brand and network effects will depend on several factors, many of which are outside the Company's control. Negative perception of IC Group or its products may harm its reputation, brand, and networks effects.

If IC Group does not successfully develop its brand and reputation and successfully differentiate its offerings from competitive offerings, the business may not grow, the Company may not be able to compete effectively and may lose or fail to attract users, any of which could adversely affect the business, financial condition, and results of operations.

Consumer Privacy and Data Protection Risks

Failure to protect Personal Data and comply with Data Protection and Privacy laws and regulations, such as the European General Data Protection Regulation (GDPR) Privacy Policy and other such Data Protection Regulations, in all applicable jurisdictions in which IC Group controls, collects, processes, or stores Personal Information of residents, could result in fines, litigation, and other regulatory actions which would adversely affect the business, financial condition, reputation and operations of IC Group. To help mitigate risks, IC Group is an ISO27001 certified company demonstrating the company's commitment to robust information security practices. It means the Company has implemented and is maintaining an Information Security Management System (ISMS) that meets the requirements of the ISO 27001 international standard, which focuses on protecting confidential information.

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Risk of Network or Data Security Incidents

Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer "hackers," malicious code (such as viruses and worms), employee or 3rd party theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for IC Group to entirely mitigate these risks. The security measures IC Group has integrated into its internal networks and solution, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and solution against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, IC Group may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach, perceived or real were to occur, whether any such breach is due to a vulnerability in IC Group's solution, may also undermine confidence in its solution and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. IC Group continues to expend significant financial, technology, and human resources to protect against such threats or to alleviate problems which could be caused by breaches in security.

Customer Service and Support Standards

IC Group's customers may rely on IC Group support services to resolve certain issues or may hold IC Group accountable for meeting or exceeding certain performance service levels of its solutions, in accordance with contracts, service level agreements or other project commitments.

High-quality customer education and support is important for the successful marketing and sale of IC Group's solutions and for the renewal of existing customers. The importance of high-quality customer support will increase as IC Group expands its business and pursues new organizations. If IC Group does not help its enterprise customers quickly resolve post-deployment issues or fails to meet performance standards, it could incur financial loss or legal liability, lose business contracts, or negate IC Group's ability to upsell additional product/solutions to existing customers. IC Group would suffer reputational damage with existing customers harming its ability to grow future business with existing or new customers.

Litigation

The Company may be subject to litigation in the ordinary course of business, as well as in the context of potential securities claims, class actions and other corporate activities. Any litigation is time consuming and costly, both financially and by distracting management and staff resources from the Company's business.

Strategic Risk

There is no guarantee that the Company will be able to complete the acquisition of or participation in a new business opportunity. If an acquisition of or the participation in corporations, properties, assets, or businesses is identified, the Company may find that, even if the terms of an acquisition or participation are economic, it may not be able to finance such acquisition or participation, and additional funds will be required to enable the Company to pursue such an initiative. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company.

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Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the acquisition of an operating business by the issuance of cash, securities of the Company, or a combination of the two. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

U.S. Government Tariffs

Since early 2025, the United States government has announced various plans to impose tariffs on certain Canadian imports as well as broad tariffs on imports from other countries. In response, the Canadian federal and provincial governments announced certain retaliatory tariffs on imports from the United States as well as non-tariff measures. In parallel, the Canadian and U.S. federal governments have been discussing a new trade and security agreement. Although the ultimate scope, timing and duration of these tariffs, retaliatory measures and any new trade and security agreement remains unclear, the connected impact of these announcements may cause continued economic uncertainty. While no adjustments have been made to these consolidated financial statements, it may be difficult to reliably measure the impact of this uncertainty on future accounting estimates, forecasts and financial results.

FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using Level 1 inputs. The carrying value of accounts payable and accrued liabilities approximates fair value due to its short-term nature.

Financial Risk Management

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

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by placing its cash with a major financial institution. The Company's credit risk with respect to its financial assets is remote.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that its cash maintained in a financial institution is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

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Liquidity Risk

The Company's current liabilities are anticipated to mature within the next twelve months. The Company intends to settle these funds out of future earnings and/or through accessing additional funding through capital markets.

Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at December 31, 2025, it is management's opinion that IC Group is not exposed to significant currency risks arising from these financial instruments.

Price Risk

The Company has no exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenue and expenses during the year. Actual amounts could differ from these estimates. The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1 of the consolidated financial statements.

Significant changes in assumptions, including those with respect to future business plans and cash flows, could change the recorded amounts materially.

The Company's critical accounting estimates are as described in the December 31, 2025, notes to the consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not engage in any off-balance sheet financial arrangements as at December 31, 2025.