

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



Initiating Coverage

CitroTech

CitroTech Inc.

(NYSE/American: CITR)

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Allocation: 4

Closing Stock Price at Initiation (Closing Px: 08/18/26): \$6.04

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Disclosure: Portions of this report are excerpted from CitroTech's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

Company Overview

CitroTech Inc. is an environmentally sustainable specialty chemical company focused on fire inhibitor products serving the wildland fire, residential home protection, and wood products industries across the United States and Canada. Our fire inhibitor formulations are also sold into the lumber and building materials industry for fire retardant treatment applications. CitroTech's breakthrough family of EPA Safer Choice-recognized fire inhibitors applies targeted protection around homes, treats lumber and wood products, and helps stop wildfires before they start. It's the safer, more sustainable treatment in fire-prone regions. From houses to hillsides, our fire prevention is the ultimate protection.

Since acquiring the Mighty Fire Breaker LLC ("MFB") portfolio of intellectual property, our management team has continued to develop and refine our product formulations. The Company has received significant third-party recognition for these efforts, including twice receiving the EPA Safer Choice designation, being the first and only fire inhibitor recognized by the EPA as safe for the environment, and receiving UL GREENGUARD Gold certification, which reflects minimal impact on indoor air quality from toxic smoke over extended exposure. Our products have been adopted by fire departments throughout the State of California.

We are working to grow our fire prevention and protection business, which is primarily focused on expanding use of ground-applications for long-term fire retardants. This growth includes use of ground assets in response to active fires (protection), as well as proactive treatments around critical infrastructure and known high-risk areas (prevention). Fire prevention products can be used to help prevent fire ignitions and protect property from potential fire danger by providing proactive retardant treatment in high-risk areas such as along roadsides, under power lines, along railroad rights-of-way, and around residential neighborhoods and commercial infrastructure. Treating these areas ahead of the fire season can help to prevent ignitions from equipment failures or sparks until a significant rainfall occurs. Although there is no certainty in wildfire defense, when our CitroSafe system is installed, we fill it with our CitroTech product. Thereafter, we will conduct an annual inspection of the system to help ensure it is ready to help defend against a wildfire. While there is no specific useful life for our product, if the system has not been deployed since the third anniversary of the initial installation, or three years following an annual inspection, in an abundance of caution we will remove and replace the CitroTech. In addition, we suggest spraying CitroTech in areas surrounding the property that pose the greatest risk to help reduce the risk posed by dry vegetation, decks, garden bark, and fences.

The Company is also actively deploying proactive wildfire defense systems on residential and commercial properties under the CitroSafe Systems brand. CitroSafe Systems are self-contained sprinkler installations that utilize our patented CitroTech product and are deployed in advance of wildfires to reduce structural risk. This offering addresses a significant and growing insurance market disruption across eleven western states, where carriers have curtailed or declined to write wildfire coverage on new construction and existing policies in the Wildland-Urban Interface, the transitional zone between undeveloped land and built environments that is at elevated risk of catastrophic wildfire loss. The Company is working with a large insurance broker to offer insurance coverage to customers who install a CitroSafe proactive wildfire system, with policies underwritten by established insurance carriers. This program is currently in the proof-of-concept phase.

We have invested and intend to continue investing in the expansion of our fire retardant and lumber treatment business through product development and business development to grow our customer base.

We are expanding our patent portfolio and technology platform into additional markets that can benefit from environmentally safe alternatives to legacy fire retardant and fire retardant-treated wood products.

CitroTech has developed wood coating products utilizing this technology and is in the initial phases of commercialization.

We believe that fire safety benefits from several growth drivers, including increasing fire severity, as measured by higher acres burned, longer fire seasons and a growing urban component moving into the Wildland Urban Interface (WUI), resulting in a need for higher quantity of specialty chemical fire inhibitors, thereby increasing production. We believe these trends are prevalent in North America, as well as globally, and we expect these trends to continue driving growth in demand for fire retardants and fire-retardant-treated lumber products.

We have some personal experience with the devastation created by wildfires that initially piqued our interest in CitroTech. In the process of our due diligence, the severity of the 2026 wildfire season has solidified our views about the urgent need for new solutions in the industry. While wildfires in California (most notably the Palisades Fire) have dominated the issue in prior fire seasons, more currently, states like Washington and Oregon are by some measures experiencing the worst fire seasons in their respective histories. Moreover, devastating wildfires in Europe (France and Spain) have also dominated portions of the wildfire news, further supporting our underlying thesis.

Industry Overview

Sizing the overall market that CitroTech operates within requires some interpretation and, as with most industry estimates, it includes some collective variability. However, for the sake framing the opportunity, here are a few) bullet points from some of that collective research and we would add, the domestic (U.S.) market is generally assumed to represent roughly 1/3rd of the overall global market. Table 1. reflects some of the segments of the industry. We would note that this table was generated from an AI search that ostensibly aggregated several industry estimates. Further, those same estimates suggest that the overall industry is expected to experience YoY growth in the 6% to 8% range, although some portions of the market, wildfire protection for instance, are expected to see YoY growth in the low double-digit range through 2035. We address some of that more specifically throughout this report, but our view is that CitroTech’s solutions are likely to place them in the higher growth segments of the market.

Table 1.

A reasonable approximation of the \$100-billion to \$120-billion commercial market is:	
Segment	Approximate global annual revenue
Detection, alarms and monitoring	\$25–35 billion
Structural suppression equipment	\$20–27 billion
Installation, inspection and maintenance	\$25–35 billion
Passive protection and specialized fire materials	\$10–15 billion
Wildfire protection and suppression	\$10–15 billion
Approximate total after overlap adjustments	\$100–120 billion
The passive-protection category includes fire doors, firestopping, coatings, fire-resistant insulation and some treated building materials. Fire-retardant lumber represents only a relatively small portion of that category.	

While the above industry figures are considerable, statistics around the damages *attributable to fires* provide a clear indication of why so much money is spent trying to prevent them as well as mitigate their damage once they start. To that end, the statistics are stark. According to the National Fire Protection Association, “NFPA” (Research Summary: U.S. Fire Loss in 2024):

“U.S. fire departments responded to approximately 1.39 million fires in 2024. Those fires caused approximately”:

- 3,920 civilian deaths.
- 11,780 civilian injuries.
- \$19.1 billion of direct property damage.

The \$19.1 billion figure includes structures, vehicles, outdoor property and other assets damaged or destroyed by reported fires. It is the most current comprehensive national measure of direct fire losses. However, direct property-loss estimates exclude indirect costs such as lost business, temporary relocation, interrupted production and many long-term economic consequences. Consequently, the approximately \$19 billion in annual property loss should be viewed as the visible portion of the cost rather than the total economic burden.

We think it is reasonable to suggest that historically, the industry has typically been viewed from two different perspectives and the difference between those views is perhaps more a function of geography than anything else. Specifically, we think most people are cognizant of the potential risks of fire in their respective dwelling(s), and the NFPA statistics above speak to those risks. However, risks associated with wildfire protection and suppression are more topical to some than to others. Clearly, for those living in many urban settings, wildfires are not something they spend much time worrying about. That said, wildfire suppression represents a considerable outlay for the federal government. Specifically, the U.S. Department of the Interior (“DOI”) through the recently created U.S. Wildland Fire Service, manages wildfire response for over 400 million acres of federal lands, including national parks, wildlife refuges, preserves, Bureau of Land Management (BLM) lands, and Indian reservations. In addition, the U.S. Department of Agriculture (“USDA”) through the Forest Service (“FS”) is responsible for 193 million acres of the National Forest System. In that regard, the federal government is responsible for responding to wildfires on federal lands. Further, other agencies also provide federal assistance directly to states impacted by major fire disasters. For example, the Federal Emergency Management Agency (“FEMA”) provides Fire Management Assistance Grants (“FMAG”), which reimburse states \$.75 of every \$1.00 spent fighting wildfires.

Each of these agencies is provided “baseline fire suppression funding” allotments to address fire suppression, which includes the cost of firefighters, aircraft, fire retardants, heavy equipment and a host of other items required to fight forest fires. For 2026, that baseline for the DOI is \$328 million, while for the USDA/Forest Service it is \$1 billion. However, wildfire protection costs have risen markedly over the past few decades. For instance, data reflects that in the 1990s, the average cost of federal wildfire protection and suppression was less than \$1 billion annually, whereas since 2002, that average has ballooned to more than \$3 billion per year. Moreover, according to industry expert Headwaters Economics, wildfire protection now accounts for nearly half of the Forest Service annual budget, and more than 10 percent of the budget for all Department of the Interior agencies. These figures do not include the \$1-\$2 billion spent by states on wildfire protection or an untold amount spent by local governments. In that regard, **Table 2.** below reflects the federal costs associated with wildfire suppression of have grown markedly over the years and have become overwhelming for these agencies, far outrunning their baseline funding. As a result in 2018, the federal government established the Wildfire Suppression Operations Reserve Fund.

From Taxpayers for Common Sense, ([Five Fast Facts about the Wildfire Suppression Operations Reserve Fund - Taxpayers for Common Sense](#)):

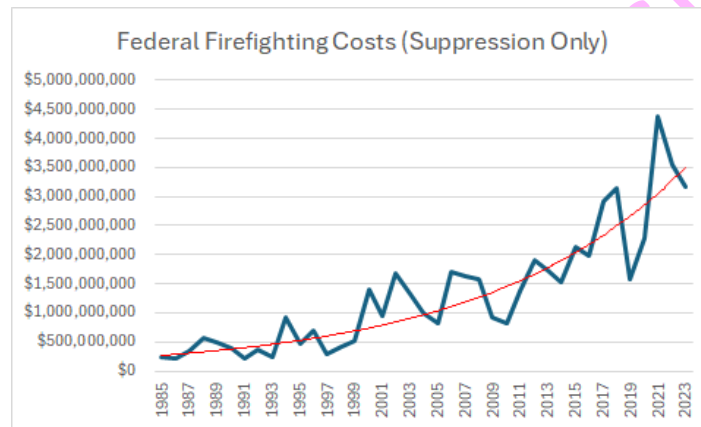
The Wildfire Reserve Fund ensures there are dedicated funds immediately available when wildfire suppression costs exceed what was appropriated.

The Wildfire Suppression Operations Reserve Fund was created in 2018 to ensure federal funds for urgent wildfire suppression activities without drawing funds from other Forest

Service programs. It can be used by the U.S. Forest Service (USFS) and the Department of the Interior (DOI) after suppression funding under the agencies' respective Wildland Fire Management (WFM) accounts is exhausted. The Reserve Fund was first available in FY2020, capped at \$2.25 billion, with the annual maximum funding level increasing by \$100 million each fiscal year through FY2027. Its use is authorized as long as a baseline level of funding for wildfire suppression operations is met in the underlying appropriations bill.

Unlike many other budget line items, wildfires and their associated costs are unpredictable. We know the frequency and destructiveness of wildfires are growing, but there is still significant variation between years. For example, there was a \$2.1 billion difference in federal firefighting costs between 2020 and 2021, more than the total federal firefighting cost in 2019. Ensuring USFS and DOI have sufficient funds for wildfire suppression in the event of a bad fire year, and immediate access to those funds is essential.

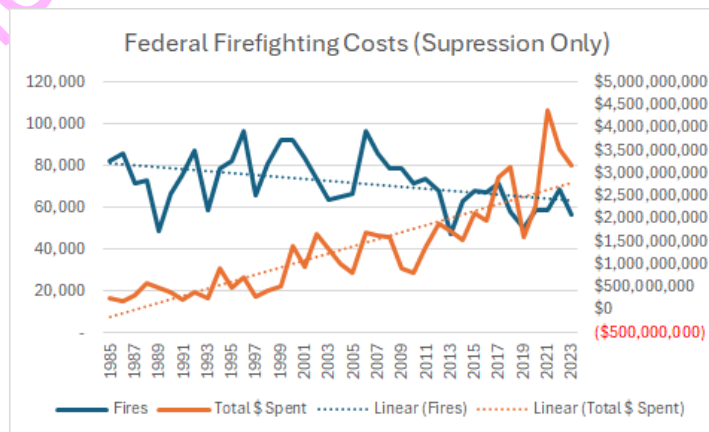
Table 2.



Suppression Costs | National Interagency Fire Center

What is particularly interesting about the soaring cost of federal wildfire suppression is that while costs have risen dramatically, the actual number of fires requiring suppression has actually trended downward over the same period. Table 3 below reflects that relationship.

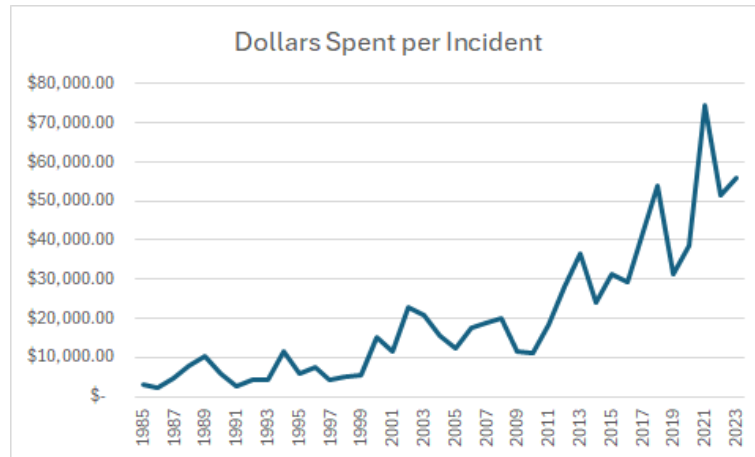
Table 3.



Suppression Costs | National Interagency Fire Center

By extension Table 4 reflects the rising costs per fire incident, which again have risen dramatically.

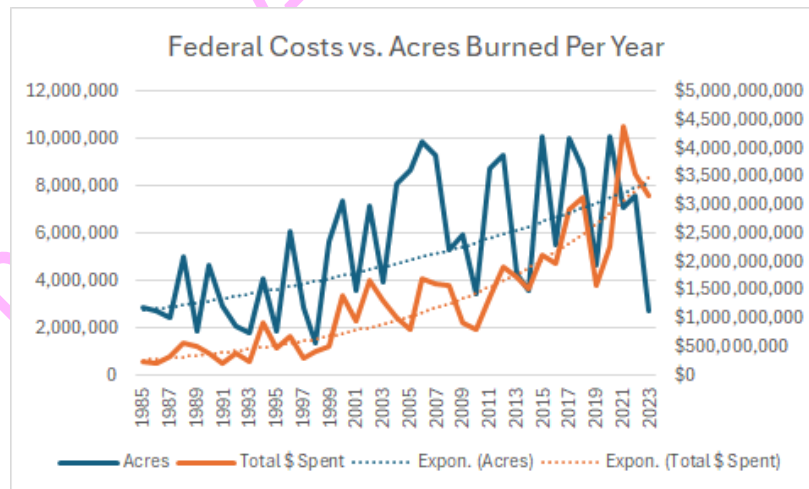
Table 4.



[Suppression Costs | National Interagency Fire Center](#)

To edify, certainly some of the rising costs of fire suppression can be attributed to inflation. However, **Table 4** reflects an 8.1% CAGR in costs per fire, while the inflation rate over the same period was approximately 2.8%. Clearly, the cost of suppressing grew faster than many other things. From another perspective, **Table 5** reflects the total spend versus the number of acres burned. Predictably, the chart reflects considerable variability in acres burned from one year to the next as, for a variety of reasons, some fire seasons are much worse than others. While both of these data sets trend higher, the fact that costs are rising on a steeper (faster) trajectory than acres burned, suggests that suppressing fires is becoming more expensive in both nominal and real terms. We think there are some identifiable reasons for that, which again we believe are suited to some of CitroTech's strengths.

Table 5.



We think much of the growing relative impact/costs associated with wildfire suppression has more to do with “urban conflagration” or the expanse of the “wildland urban interface” than any other single factor. According to the U.S. Fire Administration, the wildland urban interface (“WUI”) is “*the zone of transition between unoccupied land and human development. It is the line, area or zone where structures and other human development meet or intermingle with undeveloped wildland or vegetative fuels*”. Further, the U.S.

Forest Service provides some additional color on the growth of these areas, ([Wildland-Urban Interface Growth in the U.S. | US Forest Service Research and Development](#)):

Wildland-urban interface (WUI) areas – where houses and other development meet or mix with undeveloped natural areas – are places of transition and change. Undeveloped wildlands offer extensive opportunities for outdoor recreation and the aesthetic and personal advantages of living “in the country.” At the same time, human development changes wildlands over time, eating away at the edges, breaking large natural areas into smaller patches, and changing forest structure and composition. When housing expands in proximity to forest and rangelands, more houses and people are at risk of wildfire, and wildfire management becomes more complicated and challenging.

In short, we do not think it is especially provocative to suggest that the increase in wildfire suppression spending is related to the expansion of WUI’s. **Table 6** and the following narrative from the U.S. Forest Service reflects the marked growth in WUI’s both in terms of acreage and housing units over 30 years for 1990 through 2020.

Table 6.



Increase of area (left) and housing units (right) in the wildland-urban interface, 1990-2020. From the [Understanding the Wildland-Urban Interface \(1990-2020\)](#). StoryMap.

[Wildland-Urban Interface Growth in the U.S. | US Forest Service Research and Development](#)

We now have an unprecedented three decades of data on WUI growth, revealing that the area and number of houses in the WUI have grown rapidly across the United States. As of 2020, 9.4 percent of the land area of the contiguous United States is in the WUI, but that land is home to more than 44 million homes — 32 percent of all housing nationwide.

Between 1990 and 2020, there was a 47 percent increase in the number of homes in the WUI and a 31 percent growth in acreage in the WUI. Over the past three decades, the United States added 179,000 square kilometers of WUI, an area equivalent to the state of Washington.

The fastest growth occurred between 1990 and 2010. Expansion of area and housing in the WUI slowed after the 2008 recession as new housing construction declined. Still, 2.6 million homes were built in the WUI between 2010 and 2020.

From another alarming perspective, according to the U.S Geological Survey (Rising rates of wildfire building destruction in the conterminous United States), while development is accelerating within WUIs wildfire building-loss rates are increasing. 10% of wildfire-exposed buildings were destroyed during 2002–2012, while 32% were destroyed during 2013–2022. As a result, the destruction rate therefore more than tripled between the two periods. The increase was especially pronounced in evergreen forests in the northwestern United States, where exposed buildings were more than 3.4 times as likely to be destroyed as buildings exposed in grassland and shrubland fires. However, destruction rates increased across all vegetation types.

Clearly, as more homes are built and/or exist in WUI's, the more property that becomes at risk for wildfires, and by extension the greater potential damage and costs associated with that risk, including the cost to put them out. That point has become clearer on the heels of California's Palisades and Eaton fires, which according to some estimates (UCLA: L.A. wildfires caused as much as \$164 billion in total property and capital losses | UCLA) "*may have caused total property and capital losses ranging between \$95 and \$164 billion, with insured losses estimated at \$75 billion*".

Unfortunately, inasmuch as these California fires were catastrophic on the face, they hardly stand as unique situations that are unlikely to occur again. To that end, Bozeman, Montana based Headwaters Economics, notes that (America's urban wildfire crisis: More than 1,100 communities at risk - Headwaters Economics):

*Using data from the U.S. Forest Service's Wildfire Risk to Communities project, Headwaters Economics examined the risk markers in communities with recent urban wildfires to identify communities that share similar characteristics. There is no way to precisely predict the next disaster, but this analysis shows that more than **1,100 communities in 32 states across the United States share similarities with communities recently devastated by urban wildfires.***

On a broader scale, according to the U.S. Forest Service (Fire Adapted Communities | US Forest Service):

*More than **70,000 communities and 46 million homes** are at risk from wildfire in the wildland urban interface (WUI) – where undeveloped wildland and the built environment meet. Over the last ten years, more than 35,000 structures were destroyed by wildfires – an average of 3,500 a year.*

Taking this data into account, we think it is reasonable to suggest that the next major WUI catastrophe is not a matter of if, but when, and the likelihood is also sooner rather than later. Moreover, that also suggests that Federal fire suppression expenditures are likely to continue to grow, consuming larger portions of associated government budgets and requiring massive outlays rendering the current approach unsustainable. With that said, mitigating these outcomes is becoming paramount and will likely require new approaches to replace a status quo that is not adequately addressing the problem. Obviously, we cannot take the existing homes out of the WUI's, but we can perhaps, among other policies, "harden" those homes and the boundaries around them to make them less vulnerable to these events.

Again from Headwaters Economics, (<https://headwaterseconomics.org/natural-hazards/wildfire/more-than-1100-communities-urban-wildfire-risk/>):

Many well-researched actions can help reduce community wildfire risk, but they require a shift in local, state and federal approaches to wildfire management. Beyond fire suppression and

vegetation management, construction of wildfire-resistant homes, neighborhoods, and communities must also be prioritized.

These widely respected researchers call for an aggressive intervention to re-imagine the wildfire problem, as well as the solutions. They emphasize the need for an integrated approach to wildfire management that recognizes the ecological role of wildfire while also creating wildfire-resilient homes, neighborhoods, and communities.

A focus on the built environment helps address the fundamental causes of disasters like those in Los Angeles. Urban conflagrations often begin with windblown embers flying ahead of a wildfire front, igniting spot fires that expose homes to flames and heat. The speed at which a spot fire becomes an urban conflagration can be influenced by construction materials, landscaping, and the proximity of homes to each other. Building and retrofitting homes and neighborhoods to minimize places where embers can ignite is not only necessary, research has found it can be practical and cost-effective. Reducing wildfire risk communitywide can also help keep insurance markets accessible and potentially avoid billions in disaster recovery costs that often fall on taxpayers.

Also, from Headwaters Economics ([Building wildfire-resistant homes after disasters will save billions - Headwaters Economics](#)):

*It is important to know what share of home losses can be avoided by building or retrofitting homes to wildfire-resistant standards, especially when property owners combine that construction with wildfire-resistant landscaping and upkeep. Researchers with the National Bureau of Economic Research found **43% fewer homes were destroyed when built to wildfire-resistant standards in a large sample of California wildfires. Other economic impact studies estimate that 60% of wildfire-resistant homes survive wildfires.** These estimates offer valuable data on the power of building codes to reduce fire damage.*

When we spare homes, we also avoid broader financial losses, both private and public, and spare governments some of the high costs of disaster recovery, which include everything from paying for clean up to providing temporary housing. What's more, each home that survives has a positive impact on the survivability of neighboring homes since it won't play a role in spreading fire farther. A 43% reduction in home losses would avoid billions of dollars in disaster recovery annually. What's more, saving homes keeps communities intact, sparing people the hardship of rebuilding or relocation.

As we will support in the Product/Services Overview below, we believe CitroTech provides products and services that are congruent with re-imagining the wildfire problem. If we have that correct, it should in turn support our view that CitroTech could represent an extraordinary opportunity being a part of the rethinking around protecting wildland urban interfaces from catastrophic fire. That said, we would note that our experience covering small early-stage companies includes many companies with promising/unique solutions to problems that ostensibly need new approaches. Succinctly, several of those companies failed to meet our expectations around those solutions, and in some cases, for reasons that are still not clear to us. However, there are some lessons we have been able to learn from some of those instances, that may be applicable and as such valuable here.

Necessity leads to innovation, innovation leads to change, and change in many instances, leads to improvement. That said, change can be a “wicked twisted road”, but there are often good reasons for that. The costs associated with new approaches, new learning curves, resistance from those that may benefit from the status quo, and a host of other cost/benefit headwinds can make some changes difficult to gather adoption and ultimately become new standards. Despite a clear need for new approaches, we suspect, reimagining the wildfire problem faces some of those challenges. However, there are some potential

supporting elements within/around the industry that we think could help accelerate adoption that are worth noting.

- **Insurance**

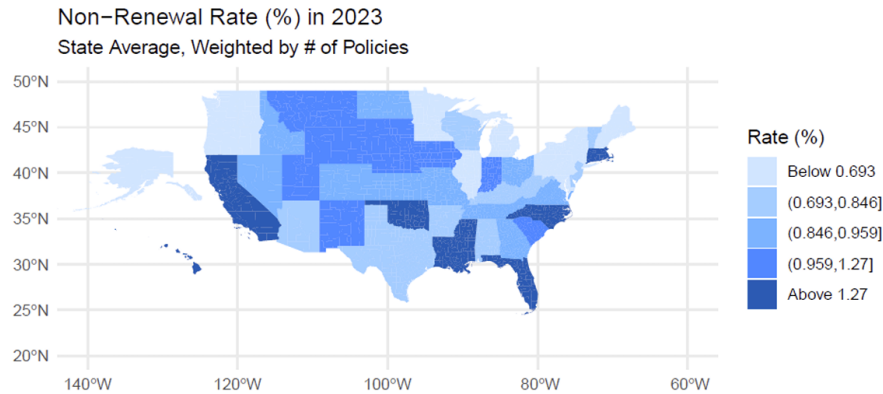
While there are plenty of “necessities” that illicit change, economics is certainly one of the more powerful. We suspect that a good portion of the adoption around hardening a home against wildfires comes down to the costs associated with implementing it, as well as perhaps concerns over the actual effectiveness of the products/services that exist to address it. Various types of insurance offer a good example. For instance, front airbags were mandated in new vehicles in 1998 and have since saved tens of thousands of lives. However, airbags were first introduced commercially in the early 1970’s by both Ford and General Motors but were discontinued a few years later due to low demand (ostensibly due in part to high costs). However, the insurance industry lobby was a major supporter of front airbags and ultimately played a considerable role in their mandate, because in part, airbags could reduce some of the insurance industry’s risks. That said, to reiterate, despite data that suggested airbags saved lives (today the Insurance Institute for Highway Safety estimates they reduce fatalities by 29%), mass adoption was created by mandate rather than by recognition by consumers that airbags could save the lives of themselves and their passengers if they were willing to pay for it. As it turned out they paid for it anyway (in the form of higher priced automobiles), but the insurance industry does in fact provide premium reductions (“Passive Restraint Discounts”) for insured individuals with airbags, thus sharing some of the cost burden. We think this theme may ultimately play out more aggressively in the wildfire mitigation industry because insurance premiums in high risk (geographic) areas are becoming a political flashpoint, turning insurers into pariahs. Here are some specifics.

As a result of increasing catastrophic events (wildfires, hurricanes flooding etc.) especially in particular parts of the country, insurance companies have been looking for ways to avoid the risks associated with these types of major catastrophes. While insurance companies are in the risk business, their success depends on avoiding taking on more risk than their premiums pay for. From that perspective, their response to some number of catastrophic events may be to raise premiums (effectively increasing their ability to absorb additional risk).

To that end, in January 2025, the U.S. Treasury’s Federal Insurance Office issued a comprehensive analysis covering more than 246 million policy-year observations from 2018 through 2022. The analysis compared insurance costs at the ZIP-code level and found that homeowners in the 20% of ZIP codes with the highest expected losses from climate-related hazards paid an average annual premium of \$2,321. That was 82% higher than the average premium paid in the 20% of ZIP codes with the lowest expected losses. Premiums nationally also increased 8.7% faster than inflation over the four-year period. Moreover, the Treasury analysis was not limited exclusively to wildfire; it also included wind, hail, hurricanes and other climate-related hazards. Nevertheless, the results are particularly relevant to wildfire-prone areas because the highest-risk Western ZIP codes are increasingly experiencing the same combination of higher premiums, reduced insurer participation and greater reliance on residual-market plans.

While higher premiums are problematic for homeowners within the WUI, the greater problem is rising non-renewal rates. That is, when the likelihood of more/similar catastrophic events increases beyond the point where they can effectively raise premiums, insurance companies are opting out by simply refusing to renew policies in areas deemed to be particularly susceptible to similar disasters and resulting claims. Again, the rise in non-renewal rates in some parts of the country is alarming. **Table 7** and **Table 8** below include data from a 2024 U.S. Senate Budget Committee Staff Report.

Table 7.

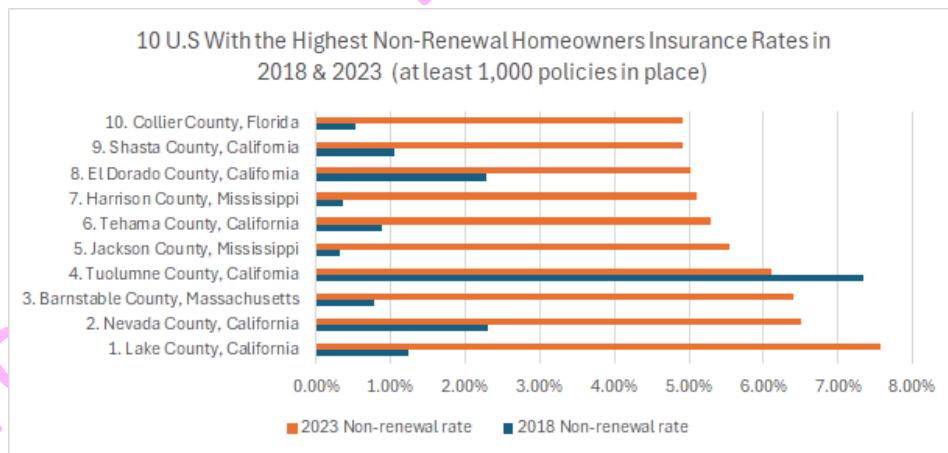


Map 1. Non-Renewal Rate (%) in 2023 (State Level)

The data tell a similar story at the county level: in 2023, among counties nationwide with at least 10,000 policies in force, 48 of the top 50 counties — and 82 of the top 100 counties — ranked by highest insurance non-renewal rates were coastal or low-lying delta counties, very high or relatively high-risk wildfire counties (as measured by FEMA’s National Risk Index (NRI)),³⁵ or both. Coastal and low-lying delta counties alone accounted for 16 of the top 25, 35 of the top 50, and 58 of the top 100 counties nationwide ranked by 2023 non-renewal rate.

Table 7 reflects the areas of the U.S where 2023 non-renewal rates were the highest. Not surprisingly, these areas have high correlations with places that are particularly susceptible to wildfires and hurricanes. More specifically, Table 8. Reflects the 10 U.S. counties with the highest non-renewal rates. Notice, 6 of these 10 counties are in California where the associated risk is fire as opposed to hurricanes (the impetus for non-renewals in the remaining 4).

Table 8.



https://www.budget.senate.gov/imo/media/doc/next_to_fall_the_climate-driven_insurance_crisis_is_here_and_getting_worse.pdf

Considering the above, our view is that rising insurance premiums followed by increasing non-renewal rates is creating a tipping point in many catastrophe prone areas of the country, and WUI’s are in the eye of that storm. Several of the states highlighted in **Table 7** are experiencing insurance pressures because of hurricanes and associated catastrophes, which we think most people are generally aware of because they are often heavily reported on. However, we think it is fair to say that while wildfires may be less top of mind to many people, they are the genesis of a considerable portion of the non-renewal actions across the country. Specifically, as **Table 8** points out, 6 of the 10 highest non-renewal rate counties in the U.S are in

California, and ostensibly those non-renewals are due to WUI/wildfire risks as opposed to hurricanes/storms. (As an adjunct to this notion, the California FAIR is a good example of states trying to mitigate looming insurance issues through its FAIR plan: [Home page - The California FAIR Plan](#)).

Inasmuch as insurance companies are the subject of considerable wrath because of the responses to these disasters (higher premiums and non-renewals), they have also initiated programs to lower premiums or provide other rebates to customers in higher risk areas that deploy products and protocols that are determined to reduce the risk associated with these disasters. Further, in 1977, the industry formed (the precursor to) the Insurance Institute for Business & Home Safety (“IBHS”), which has been at the forefront of providing applied research into technical information about “...building codes, effective *land use controls, new building designs and retrofit applications*...”. ([About IBHS – Insurance Institute for Business & Home Safety](#)). *“In 2010, IBHS opened the Research Center in Chester County, South Carolina. This facility is a unique, state-of-the-art, multi-risk applied research and training campus. The IBHS Research Center helps to significantly advance building science by enabling researchers to more fully and accurately evaluate various residential and commercial construction materials and systems using both full-scale and small-scale testing”*. Those materials available today include Class A roof materials, ember-resistant vents, noncombustible siding, fire-retardant-treated lumber, exterior sprinkler and chemical-deployment systems and others.

To reiterate, the insurance industry is entrenched in the WUI, fire disaster world, and from some perspectives, whether they like it or not. However, in our view, the industry has historically been active around issues that impact them and their customers (ala airbags etc.) and we think it is fair to say that they are likely to continue to try to be part of the solution(s). As we note in the Products & Services Overview of this report, the Company is actively involved in collaborating with the industry, which we believe could yield new avenues of adoption for their products and services. Moreover, as we also alluded to above, we expect the insurance industry to continue to push for legislation and other government-related programs that may encourage products and services like those of CitroTech. That leads us to our next bullet point.

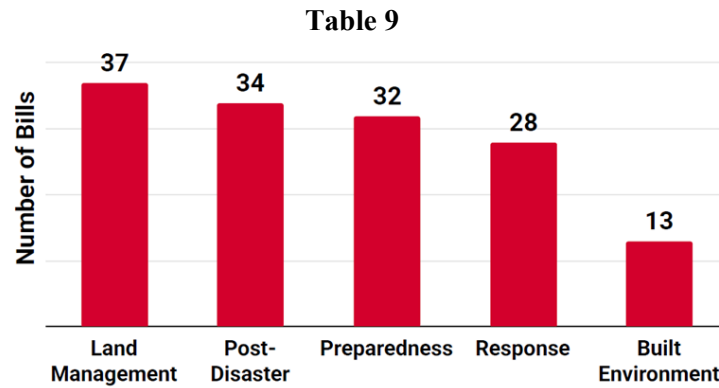
- **Legislation**

As we alluded to above, there have been many safety related protocols (airbags and seat belts for instance) that ultimately achieved adoption through government legislation/mandates. By extension, some of that legislation is aimed at some of the insurance issues we address above as well. For example, the **Wildfire Insurance Affordability Act (“WIAA”)** is currently in the initial legislative stage, having just been introduced in the U.S. Senate by Senator Jeff Merkley (D-OR) on July 23, 2026. The legislation seeks to “*establish grants to eligible recipients to promote wildfire resilience, including to support home hardening, defensible space, and other wildfire mitigation investments to owner-occupied primary residences, multifamily residential properties with less than 5 units, and affordable housing facilities*”. It also aims “*establish a pilot program to provide means-tested voucher-based premium assistance for wildfire insurance to eligible households in the form of grants to States that would distribute vouchers to qualifying households*”. Again, ultimately legislation may provide accelerated adoption for products and services like those provided by CitroTech. Moreover, beyond the WIAA, there is a large amount of proposed legislation around the management of wildfires. From the National Fire Protection Association® (“NFPA”) ([A Recap of U.S. Wildfire Legislation in 2025](#)):

In response to the growing scale and severity of wildfire disasters across the United States, policymakers have introduced a wide array of legislation aimed at strengthening wildfire preparedness and response. These efforts span multiple areas, including expanding firefighter training and resources, improving land management practices, enhancing the resilience of the built environment, supporting community preparedness, and facilitating post-disaster recovery.

While hundreds of these bills were introduced in Congress and state legislatures throughout 2025, far fewer ultimately became law.

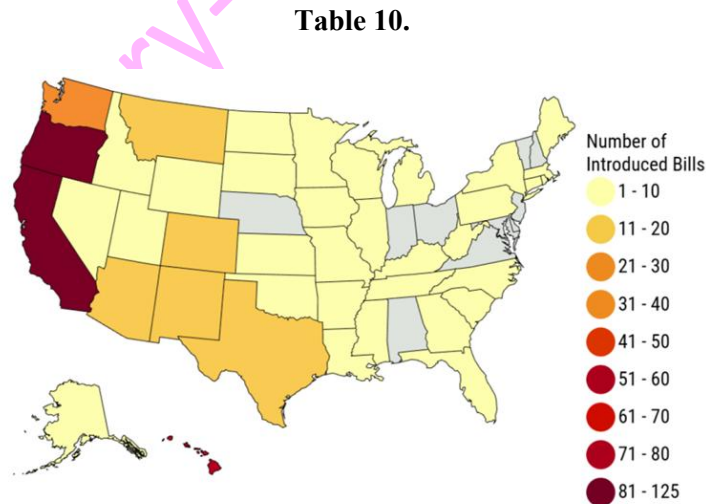
Table 9 (from the NFPA) provides a distribution of the focus of that legislation.



In addition to the federal government, NFPA also notes that states have also considered a wide range of wildfire legislation:

Nearly 500 bills across all 50 states were introduced in 2025, addressing different key components of wildfire, including land management, post-disaster recovery, community preparedness, emergency response, and the built environment. In all, around 80 percent of states in the U.S. introduced wildfire legislation in 2025, and more than half of states in the country signed wildfire legislation into law.

Table 10 provides some color on the distribution of that legislation across various states.



We submit, while both federal and state legislators have introduced hundreds of wildfire related bills, only a small portion of those have resulted in new laws or other associated assistance. Clearly, there are various challenges involved in getting to that end, which include economic constraints, jurisdictional and stakeholder coordination, balancing the major elements of fire management (prevention, response, recovery etc.) and a host of others. However, we believe the volume of legislation speaks to the recognition of the need for better wildfire solutions. Moreover, as we demonstrated above, the problem is becoming larger

and more complex, which we believe is a recipe for more legislation. To that end, while not all likely legislation will result in expanded opportunities for companies with products and services like those provided by CitroTech, we believe some of that legislation most certainly will. Further, we think *any new legislation* will increase awareness of potential solutions, which should also benefit companies in the space.

- **Environment**

Much of the Industry Overview above has focused on the cause, mitigation and impact of wildfires especially as they relate to Wildlife Urban Interfaces. However, as we reflect in the Products & Services Overview of this report, we believe the Company's largest opportunity is likely to be in the lumber and building materials industry. In that regard, as we will address below, there are concerns about the environmental impact of chemicals used to fight fires in general on the environment, and perhaps even more acutely, on people who are exposed to them. Much like the industry in general, assessing the risks/benefits of those chemicals on humans, animals and the environment, probably requires different perspectives. That is, the use (and potential negative impact) of those chemicals to mitigate/fight a raging and quickly moving wildfire may be a different calculus than using them to help prevent a residential home from burning, wherein the builders of that home may be exposed to those chemicals residually (as they saw boards to build the home for instance) and homeowners may be exposed to those chemicals on a persistent and long term basis. To that end, the following paragraph is excerpted from CitroTech's most recent 10K ([EDGAR Filing Documents for 0001683168-26-002356](#)):

The Company operates within the broader fire safety and specialty chemicals landscape, where certain participants may have partial market overlap. However, the Company is not aware of any offerings in this space that combine fire inhibition performance with recognition under the U.S. EPA Safer Choice program. More broadly, the Company believes there is a limited presence of solutions that deliver environmentally sustainable fire-retardant treatments specifically for lumber, wood products, and building materials. While conventional pressure-treated wood products exist, these approaches typically rely on less environmentally favorable chemistries and do not align with the same sustainability standards.

With respect to the recognized environmental disadvantages of preventing and/or mitigating fires, we will look at the easy one first; wildfires.

Briefly, *Wildfire-suppression products generally fall into four principal categories: water, long-term fire retardants, Class A firefighting foams and water-enhancing gels. Each provides a different operational benefit and creates a different environmental profile. **The environmental question is not simply whether a product contains chemicals. Rather it is whether the environmental impact of applying the product is less than the damage likely to result from allowing the wildfire to continue.** A severe wildfire can destroy habitat, produce large smoke emissions, destabilize soils, contaminate drinking-water sources and cause homes, vehicles, plastics and batteries to burn. Suppression products may therefore create a net environmental benefit even when their use is not environmentally neutral.*

That is a practical statement with respect to the environmental impact of these chemicals. That is regardless of the negative impact of the chemicals, in many instances the environmental costs of not putting out the fire are greater than those posed by the chemicals. That is an unattractive but *easy* decision. Nonetheless a brief overview of the environmental impact of legacy suppression protocols is topical to CitroTech's value proposition(s).

- **Water**

Water has the most favorable chemical profile and remains the most widely used wildfire suppressant. It controls fire by absorbing heat and cooling the vegetation below the temperature required to sustain combustion. Water does not leave persistent chemical residue, but it has several limitations. It loses most of its effectiveness after evaporation, can be scarce during drought conditions and can create contaminated runoff after contacting ash, soil, fuel, structures or industrial materials. Large-scale withdrawals can also place pressure on local water supplies. Nevertheless, from the standpoint of chemical toxicity, water remains the least environmentally concerning major suppression agent.

- **Long-Term Wildfire Retardants**

The red material commonly dropped from aircraft is generally a long-term retardant based on ammonium-phosphate or ammonium-sulfate fertilizer salts. A mixed retardant is typically composed primarily of water, with smaller amounts of fertilizer salts, thickeners, corrosion inhibitors and coloring agents. After the water evaporates, the salts remain on the vegetation and chemically reduce its ability to sustain combustion.



The primary environmental concern is direct entry into streams, lakes and other waterways. Ammonia and concentrated salts can be toxic to fish, amphibians and aquatic invertebrates. Phosphate and nitrogen can also act as nutrients, potentially changing water chemistry and promoting excessive plant or algal growth. As a result, the Forest Service maintains aerial-retardant avoidance areas around waterways and sensitive terrestrial habitats. The standard aquatic avoidance area generally includes a 300-foot buffer around perennial and intermittent water features, subject to local mapping adjustments.

- **Class A Firefighting Foams**

Class A foam is used on wood, grass, brush and other ordinary combustible material. It contains surfactants that lower the surface tension of water, allowing the water to spread more effectively and penetrate vegetation and porous fuels. Foam can reduce the volume of water needed, improve firefighter productivity and provide temporary protection to homes and vegetation. However, Class A foam depends upon the water it contains and generally loses its suppression value after the water evaporates.

*The environmental concern comes primarily from the surfactants. Concentrated foam entering a stream can damage fish gills and affect amphibians and aquatic invertebrates. The level of risk varies materially among formulations, concentrations and species. The Forest Service evaluates approved wildland foams for their potential effects on both aquatic organisms and terrestrial wildlife. Class A foam should not be confused with legacy AFFF foam used primarily on petroleum fires at airports, military facilities and refineries. **Wildland Class A foams generally do not use the same PFAS-based chemistry.***

- **Water-Enhancing Gels**

Water-enhancing gels contain polymers and thickeners that allow water to adhere to vegetation, roofs and other surfaces for longer periods. They are commonly used to protect individual

structures or temporarily coat fuels ahead of an approaching wildfire. Unlike long-term retardants, gels generally depend upon retained moisture and lose effectiveness as the water evaporates.

The environmental profile depends heavily upon the specific polymer, surfactant, preservative and other additives. Potential concerns include residue, runoff into waterways, temporary changes in soil permeability and increased biological oxygen demand as organic ingredients degrade. Some gels are marketed as biodegradable. However, biodegradability does not mean that concentrated material is harmless. It means that the material eventually breaks down under appropriate conditions.

- PFAS-Containing Foam

PFAS-containing aqueous film-forming foam, or AFFF, is not normally a principal wildfire suppressant. It is used primarily on flammable-liquid fires involving jet fuel, gasoline and other petroleum products. However, it is important in any environmental comparison because it has created the most serious long-term contamination issue associated with firefighting chemicals.

PFAS chemicals resist natural degradation, can migrate through soil into groundwater and may accumulate in people, animals and ecosystems. Firefighting foam has been an important source of PFAS contamination at airports, military installations, refineries and training facilities.

- Fluorine-Free Foams

Fluorine-free foams are increasingly replacing PFAS-containing products in fuel-fire applications. They generally avoid the extreme environmental persistence associated with PFAS. However, fluorine-free does not necessarily mean harmless. EPA research shows that some formulations contain hydrocarbon surfactants that can create acute toxicity in freshwater organisms. The environmental behavior and degradation products of the various formulations remain under evaluation.

To reiterate, the use of chemicals that may include negative environmental impact to fight wildfires is generally accepted because the negative environmental impact of the fires is far worse. However, the cost/benefit profile of using these chemicals in building products where humans and other animals are exposed to those chemicals both temporarily (builders) and consistently (those living in structures containing those products) is less straightforward. Our view in that regard, is that like many products (chemicals) that have been used for various applications over time, products/treatments used to make building products less flammable have been subject to studies that attempt to determine not only their efficacy in mitigating fire but also their overall environmental impact and their impact on the health of consumers who use them. That is often a process that unfolds over time, with the goal being products that work but are also safe for the environment and safe for humans. Despite that goal, the reality is generally a trade-off between efficacy and some acceptable level of environmental/health risks. Moreover, the ratio of that trade-off often depends on the acuity of the problem that is trying to be solved/mitigated. As we noted above, environmental concerns of suppression protocols take a back seat when a wildfire is raging on the horizon. However, that is not the calculus when plans are being drawn to build a home with or without fire retardant lumber where perhaps environmental and health concerns are more topical. Succinctly, in our view, CitroTech's favorable environmental and safety profile should prove to be a more meaningful valued add in its building products endeavors (which we expect to be its largest opportunity) than in its wildfire mitigation offerings. Some of the following narratives may support that view.

From Roofing Cladding & Insulation Magazine ([An unseen danger: Toxic fire retardants in construction | Roofing Cladding & Insulation Magazine \(RCI\)](#))

Treated timber can, in fact, be incredibly damaging to the environment through toxic chemicals in some fire retardants. This invisible danger needs consideration. It's essential that contractors understand and follow safety regulations and guidance, ensuring that the use of such harmful chemicals is avoided wherever possible.

Ongoing research and technological advancements are making toxic chemicals redundant, but there is a very long way to go before construction becomes a greener industry, eliminating harmful fire retardants from products.

Toxic pollution is a risk during each stage of timber production, from the manufacturing process to long after a structure is built. Noxious fumes released when treated wood burns and leached chemicals (through rain and drainage) can cause life-threatening damage to both people and wildlife. For example, halogenated chemicals, an inexpensive ingredient in some fire retardants, can cause hormone disruptions and inhibit immune systems. This should be on a par with lower carbon emissions, as a significant environmental concern that developers should be working to combat.

*The dangers of many chemicals used in contemporary fire retardants have been extensively studied, and action has been taken to phase out harmful ingredients. For instance, we have already seen Brominated fire retardants restricted across Europe. These restrictions also extend to imported goods which must have a CE mark and meet European safety, health and environmental requirements. Unfortunately, not all specified materials are free from dangerous chemicals. Legislation is still evolving, and some additives remain ingrained in manufacturing processes until appropriate replacements come to market. **Moving forward, it's clear that further research and investment are required to develop safer solutions.***

Further, from Science Digest, ([Flame-retardant coatings for wooden structures - ScienceDirect](#)):

*Many traditional flame retardants, particularly halogenated compounds, can release toxic and environmentally harmful substances during manufacturing, use, and disposal. **Finding safer alternatives for wood that do not compromise fire safety is a significant challenge.** It is also crucial that the flame retardants for wood must meet stringent fire safety standards and regulations, which vary by region and application.*

To summarize, Chemicals used to make wood less flammable can improve fire safety, but their environmental and health profiles vary considerably. Traditional treatments often use phosphate, ammonium, borate or other mineral salts. These generally present less long-term risk than older halogenated flame retardants, but concentrated liquids and treated-wood dust can still irritate the eyes, skin and lungs. Workers applying, cutting or sanding treated wood therefore face greater exposure than occupants of a completed building.

Exterior treatments may also leach into surrounding soil or water after repeated exposure to rain. Certain older brominated, chlorinated and organophosphate flame retardants raise greater concerns because some can persist in the environment, accumulate in dust and have been associated with developmental, neurological, reproductive or endocrine effects. The most attractive treatments are those that reduce fire risk without creating significant new risks during manufacturing, use, weathering or disposal.

Disposal is another consideration. Some treated wood can be handled as ordinary construction waste, while products containing more persistent or regulated chemicals may require special handling. The environmental profile should therefore be evaluated across the entire life of the product rather than only at the point of installation.

As a result, we believe the industry is moving toward products that provide equivalent fire control with lower aquatic toxicity, fewer persistent ingredients and less environmental residue. **The most attractive new products will not simply be those described as environmentally friendly. They will be those that demonstrate comparable fire performance, durability and cost while materially reducing environmental exposure.**

Product/Services Overview

CitroTech has developed a proprietary chemical platform designed to reduce the ability of wood, vegetation and other combustible materials to ignite and sustain combustion. Unlike traditional fire-suppression products that are generally applied after a fire has started, CitroTech's technology is principally intended to treat the fuel before it is exposed to flame. The platform is currently protected by 31 issued U.S. patents and 45 filed or pending patent applications.

The company describes its chemistry as water based, bio-derived, phosphate free and PFAS free. Once applied, the water evaporates and leaves the active fire-inhibiting ingredients attached to or integrated within the treated material. When the material is exposed to heat, the treatment is designed to alter the combustion process, encourage charring and reduce flame spread and heat release.

CitroTech's technology is therefore better characterized as a fire-inhibition or fire-prevention platform than as a conventional extinguishing agent. It does not make wood fireproof, nor does it eliminate the need for sprinklers, firefighters or other suppression systems. Rather, it is intended to make the material more difficult to ignite and reduce the amount of fuel it contributes to a developing fire.

The company has adapted the chemistry for several applications we will address below, but as an introduction, **CitroTech-31** is intended primarily for vegetation, defensible space, roadsides, utility corridors and other areas exposed to wildfire ignition. **CitroTech-34** is designed for lumber, plywood, OSB and other wood products. **CitroSafe** combines the chemistry with a self-contained exterior sprinkler system intended to coat homes, landscaping and surrounding combustible materials before a wildfire arrives.

The Company's environmental positioning is also an important part of the technology. Conventional fire retardants frequently use ammonium-phosphate chemistry, while some older firefighting foams contain PFAS. CitroTech is attempting to provide fire inhibition without those ingredients, which could make the product more suitable for repeated use around homes, animals, landscaping, utility corridors and environmentally sensitive areas.

CitroTech's technology can therefore be summarized as a preventive chemical platform that changes the way combustible materials react to fire. Its principal commercial opportunity lies in combining effective fire inhibition with a more favorable environmental profile and integrating that protection into wood products before they reach the construction site. Beyond treating wood products, CitroTech has additional opportunities providing fire protection alternatives especially in and around growing wildland-urban interfaces that are experiencing growing numbers of catastrophic fire events. As we will illuminate below, the Company has made inroads into all of these potential markets, that we believe are setting up to provide a basis for inflective growth in the business.

To reiterate, the Company currently provides 3 primary products/service segments. Below is a brief overview of each.

- CitroTech-31

CitroTech-31 (“MFB-31”) is the Company’s proprietary *“plant-safe, EPA Safer Choice recognized fire inhibitor for vegetation, defensible space, roadsides, utility corridors and other areas exposed to wildfire ignition. It dries clear and forms a long-lasting barrier that helps reduce ignition at the surface.”*

This is the product/formulation the Company currently sells in bulk to “residential, commercial, and agency users”. It is also the product used in their CitroSafe fire inhibitor system covered below.

MFB-31’s precise commercial formula is proprietary, but generally, its principal active ingredient is tripotassium citrate, a potassium salt derived from citric acid. The formulation also includes a much smaller amount of triethyl citrate, which helps the treatment spread evenly and form a consistent protective coating as it dries. Neither of these ingredients are harmful to humans.

Once MFB-31 is applied to vegetation, or another combustible material, the water evaporates and leaves behind a thin layer of potassium-based salts. That layer makes the treated material more difficult to ignite and reduces its ability to sustain flame.

MFB-31 is phosphate free, PFAS free and ammonia free, differentiating it from many conventional wildfire retardants, which are commonly based on ammonium-phosphate chemistry.

As we see it, there are a handful of pathways the Company is currently pursuing to drive awareness and ultimately adoption of MFB-31.

However, before we cover those, it may be appropriate to address what we think could be a bit of the *elephant in the room* with respect to the street’s perceptions of CitroTech’s competitive posture and by extension its opportunities.

As we note in the Industry Overview of this report, the federal government is a large stakeholder in the wildfire world, because they are responsible for nearly 600 million acres of federally owned/controlled land across the U.S. In that regard, doing business with the federal government (selling them fire retardants for instance) requires that products used in the provisioning of that business first be certified as a “qualified product”. From Everything RF ([What is a Qualified Product List or QPL? - everything RF](#)):

A Qualified Product List (QPL) means a list of products, components, or materials that have been examined, tested, and have met all applicable standards or qualification requirements established by a certifying organization or government entity. QPL serves as a reference for organizations and industries seeking reliable and approved products or materials for their projects or operations without further documentation or testing. Typically, the QPL includes essential details such as product/material type, product identification, and test/qualification reference number. It also includes the name and plant address of the manufacturer and distributor, as applicable.

To be clear, MFB-31 is not on the federal QPL, which means that for example, a company contracted by the Forest Service to drop retardant on a forest fire, cannot use MFB-31 in that pursuit. That said, as we understand it, CitroTech has two paths with respect to getting MFB-31 onto the QPL.

First, the process of getting any product onto the QSL takes time. It requires submitting a request for review, then getting the product tested and certified as safe and effective and ultimately, if successful, having it added to the List. We believe that process can typically last from 6 months to 3 years depending on the product and what it is used for. For instance, getting a ground based retardant product onto the QSL



is roughly a 12-month process, while getting an aerial based retardant onto the QSL is likely closer to the 3-year threshold.

As a result, we believe CitroTech has submitted application for the use of MFB-31 for ground-based applications, in which case, if successful, could get them on the QPL over the next 12 months, or more notably, by next fire season. In our view, that would likely be a watershed event for the Company because we think the product's favorable environmental profile would make it an optimal choice in many applications where watersheds or other sensitive environmental concerns are topical. Frankly, we think that favorable profile could require its use in some instances vs. more hazardous alternatives. Secondly, it would also likely pave the way for an eventual QPL for its use in aerial applications as well.

To reiterate, we believe the Company's current lack of a QPL for MFB-31, represents a challenge to the risk profile, and by extension a portion of the (our) investment thesis. That said, our view is that the street may be overstating that challenge/risk, and there are a handful of reasons we believe that. For instance, as we noted above, we believe the Company's wood treatment opportunities will ultimately prove to be their largest, and beyond that, the Company is demonstrating growing traction for MFB-31 without the QPL, which is our next point.

CitroTech recently made the following announcement ([News Release - CitroTech](#)):

July 13, 2026, CitroTech (NYSE AM: CITR), a specialty chemical company developing environmentally responsible fire retardant solutions, and the City of San Diego announced funding to expand their wildfire prevention and mitigation programs, building on a first-of-its-kind pilot that reduced encampment-related fires by 39% and recorded zero reignitions in treated areas.



Supported by the new \$1.5 million state-funded grant from California District 76, the San Diego Fire-Rescue Department will more than double its deployment of CitroTech's EPA-recognized long-term fire inhibitor, extending coverage to additional high-risk communities, former encampment sites, and critical evacuation corridors.

The state funds will be used to purchase \$200,000 worth of CitroTech's product. The expansion builds on a 2025 pilot — funded through a \$367,000 grant from the San Diego River Conservancy — that treated 467 acres throughout the San Diego River watershed, prioritizing known wildfire evacuation corridors and documented encampment locations. As part of a broader wildfire prevention initiative that also included targeted brush management and weed abatement, the pilot treated over thirty-six former encampment sites and demonstrated measurable public safety benefits by reducing wildfire risk in environmentally sensitive areas where traditional fuel reduction methods were too difficult or risky to deploy.

All treated sites have and will continue to be mapped and made publicly viewable through the City's ArcGIS platform, providing transparency into deployment locations.

“Encampment-related fires remain a challenge in California’s wildland-urban interface areas, so it was important to conduct a pilot like this to evaluate CitroTech in some of the City’s highest-risk areas under real field conditions,” said Tony Tosca, Deputy Chief, San Diego Fire-Rescue Department. “As a result, we saw a measurable 39% reduction overall. CitroTech has shown itself to be an effective tool for reducing fire risk in locations where traditional fuel management staffing and funding is limited. Community feedback has been very positive, and these results helped make the case for expanding the program.”

The partnership between CitroTech and San Diego also highlights the growing role of environmentally responsible wildfire mitigation strategies in protecting communities. CitroTech is the only long-term fire inhibitor recognized under the U.S. Environmental Protection Agency’s Safer Choice program and the first to meet its Clean Water Act standards, delivering inhibitors that are uniquely formulated to reduce fire risk without introducing harmful chemicals or heavy metals into ecosystems.

Unlike conventional methods that rely on mechanical vegetation removal or prescribed burns, CitroTech makes it possible for fire agencies to protect landscapes and community infrastructure while preserving native vegetation and avoiding impacts to waterways and wildlife habitat. The product’s environmentally responsible formulation, which has undergone extensive third-party validation, also eliminated many of the permitting hurdles associated with traditional treatment approaches, allowing crews to act quickly in high-risk areas.

*“The success and growth of this program reflects what happens when communities take a meaningful step toward prevention-focused wildfire management,” said Kevin Schaff, Global Head of Business Development and Partnerships at CitroTech. “Together with the City of San Diego, we’re demonstrating how municipalities and firefighting agencies can operationalize wildfire prevention in high-risk corridors using data-driven deployment and environmentally responsible solutions that complement existing mitigation strategies. **It’s an approach that’s increasingly shaping the future of wildfire resilience and readiness.**”*

As communities across the West seek more proactive approaches to reduce fire risk, CitroTech’s work in San Diego provides a proven, practical model for how cities nationwide can protect critical infrastructure and community assets while supporting environmental resilience.



As this announcement alludes, this is a follow-on to an original pilot program the Company initiated with the city of San Diego in January 2025. We believe this reference customer and/or collaboration may provide the validation the Company needs to successfully approach other jurisdictions with elevated exposure to wildfire risks. As we address in the Industry Overview of this report, that universe includes *thousands* of communities across the U.S. Many of those, like the city of San Diego, are free to pursue wildfire solutions that are not included in the federal QPL. To be clear, we believe MFB-31 inclusion in the Federal QPL would represent a watershed event for CitroTech, in part because it would open the door to many federal dependent projects, they cannot address today. However, our point here is that while the Company waits

for the QPL process to play out, there are many other opportunities they are pursuing to generate both awareness and adoption of MFB-31.

- CitroSafe

CitroSafe is a permanent exterior wildfire-defense system designed to protect a home and the surrounding property before an approaching fire arrives. The system combines dedicated tanks, pumps, controls and strategically placed sprinklers with CitroTech's proprietary fire-inhibiting chemistry (MFB-31). Unlike a conventional sprinkler system that relies primarily upon water to extinguish an active fire, CitroSafe is intended to treat the combustible material surrounding the structure so it is more difficult to ignite.

CitroTech currently offers two basic configurations. A roof-mounted system applies the solution to the roof, exterior surfaces and nearby landscaping, while a perimeter system treats vegetation and other combustible material around the property. Each installation is customized following a site evaluation, with sprinkler placement based upon the property's topography, vegetation, prevailing fire exposure and other risk factors.



The system is self-contained and does not depend upon the property's normal water supply, although it does require electricity. This is important because municipal water pressure can decline or fail during a large wildfire. CitroSafe stores a dedicated supply of CitroTech solution that can be remotely activated before the homeowner evacuates.



Once activated, the system coats vegetation and vulnerable exterior areas with CitroTech-31. The water carrier evaporates, leaving a clear fire-inhibiting barrier that is designed to reduce surface ignition and interrupt the combustion process. The treatment remains effective while dry but must be reapplied after it has been sufficiently rinsed or exposed to rain.

The distinction between CitroSafe and many competing systems is that the protection is intended to remain after the sprayed material dries. Water-only sprinklers provide protection largely while the property remains wet. CitroSafe attempts to create a chemical fire break around the home that can reduce ignition from embers and approaching flames even after the water has evaporated. To that point, estimates suggest that wind-driven embers account for over half, and up to 80% of structure losses during wildfires.

CitroSafe combines a permanent installed system with CitroTech chemistry, site assessment, professional installation, periodic inspections and replenishment of the treatment solution. As a result, CitroTech is developing a network of certified regional partners to install the systems and provide complementary vegetation-spraying services. Specifically, the Company notes that it has expanded that network from 2 to 13 organizations in recent months, and they plan to continue expanding into the nation's most wildfire-

prone states, including Oregon, Texas, Arizona, and New Mexico. The company aims to establish a presence in the top ten high-risk wildfire markets and more than double its certified partner network by the end of 2026.

Some of the following narrative, which we find constructive, has been excerpted from the collateral of some of those partners. From CitroTech distributor Big Sky Fire Defense of Philipsburg, Montana (Wildfire Protection Montana — Big Sky Fire Defense):

“Preparation Works. Reaction Doesn't.

“...29 years in construction — starting on the tools, then building and running the businesses. I know how structures go up, and I've seen how they're lost.

Montana changed the way I think about what we build and why. When you live in the Wildland-Urban Interface — when the smoke is real and the risk is close — wildfire protection stops being abstract. It becomes personal. I've also done independent adjusting work in Montana, Wyoming, and Idaho, which put me inside homes after total loss. That experience sits with me every time I talk to a client about what they're risking.

I've seen homes where the fire stopped ten feet from the front door and homes where nothing was left but the foundation. The difference was rarely luck. It was preparation. Defensible space. Mitigation that happened before the fire, not during it.

When I learned about CitroTech — the science, the certifications, the EPA recognition — I recognized what it represented. Not another product claiming to help. The first genuinely different category of protection the wildfire industry has seen in decades.

I became a CitroTech partner because I believe in what it does. I'm not interested in selling something I don't believe works”.

From CitroTech partner All Risk Shield of Templeton, California (News Release - CitroTech):

June 11, 2026 08:30 am CitroTech (NYSE: CITR), a specialty chemical company developing environmentally safe fire inhibitor solutions, and All Risk Shield, a firefighter and veteran-owned wildfire mitigation and structure hardening services provider, today announced a strategic partnership under which All Risk Shield has selected CitroTech as its preferred fire inhibitor to treat residential, commercial, and estate properties across California.

The decision follows independent testing by All Risk Shield to evaluate the leading fire retardant products used in wildfire mitigation. The testing compared the top five solutions on the market, to better understand product composition and evaluate factors relevant to environmental stewardship, occupational exposure considerations, and operational preferences.

In the independent testing commissioned by All Risk Shield using the products and samples evaluated, CitroTech was the only product in that test set with no detectable heavy metals above the laboratory's reporting limits. For All Risk Shield, these results were a decisive factor in choosing CitroTech as its go-to solution to service high-risk properties throughout California.

Founded in 2013 by active Santa Monica firefighter and service-disabled veteran Joe Torres, All Risk Shield has grown into one of California's leading wildfire defense providers. Its team

includes more than 50 active, former, and retired firefighters whose combined experience exceeds 600 years of fire service.

"Given our combined centuries of experience, we're naturally skeptical and prefer to rely on evidence rather than take claims at face value," said Jon Ganley, Director of Operations at All Risk Shield". "We have used all ground applied products found on the QPL. We understand the pros and cons of each product". "We commissioned independent testing because our crews use these products in the field every day. The results distinguished CitroTech based on the specific criteria we evaluated, including the absence of detectable heavy metals in the samples tested, and that carries real weight when you think about the professionals applying it, the families living around treated properties, and the ecosystems we're working to protect."

Our expectation, is that based on the efficacy and the safety profile of MFB-31 CitroTech will continue to add CitroSafe partners, which will increase the revenue base of the product as well as increasing the awareness and adoption of the brand at large.

- CitroTech-34

To reiterate, while we believe the initiatives addressed above around MFB-31 will provide a basis for marked revenue growth over the coming years, we also believe CitroTech's efforts around CitroTech-34, ("MFB-34"), will prove to be their greater opportunity.

MFB-34, is a clear, topical treatment designed to improve the fire performance of lumber and other wood products. Unlike CitroTech-31, which is used primarily on vegetation and around structures, CitroTech-34 is intended for building materials and is applied directly to the surface of the wood.

Once applied, the treatment dries clear and is intended to create a protective barrier that makes the wood more difficult to ignite and reduces the rate at which flame spreads across its surface. It does not make wood noncombustible or fireproof. Rather, it changes the way the treated material reacts when it is exposed to heat and flame.

The treatment is applied as a coating rather than through conventional pressure treatment. This is an important distinction because the wood does not need to be incised or placed in a pressure-treatment vessel. Moreover, in the case of the wood species tested to this point (Douglas fir) the allowable design stresses remain the same as those of the wood before treatment. That is, the treatment did not compromise the wood's bending strength, tension and compression, shear strength and stiffness. To edify, some fire-retardant treatments, particularly treatments involving pressure, heat or aggressive chemicals, can weaken wood or affect its long-term strength. When that occurs, an engineer must apply a reduction factor. For example, a piece of lumber that would ordinarily be designed to carry a certain load might have to be treated as though it could carry less after treatment.

CitroTech-34 is therefore intended to provide manufacturers, lumber suppliers and builders with a simpler method of producing fire-retardant-treated wood. The product could potentially be applied at a lumber mill, treatment facility or other point in the distribution chain without materially changing the appearance of the finished wood.

The most important validation of the product is DrJ Technical Evaluation Report 2504-101. Under that report, MFB-34-treated Douglas fir lumber achieved a Class A surface-burning classification under the extended ASTM E84 and ASTM E2768 tests. That report is available here: ([Mighty Fire Breaker® MFB-34 CitroTech® Treated Wood Products](#)).

Like MBF-31, the company also positions MFB-34 as a more environmentally favorable alternative to some traditional fire-retardant treatments. Again, both products are made from food-grade ingredients derived from corn, fruit and other renewable sources, and its chemical platform has received EPA Safer Choice recognition.

In conjunction with the above, on April 21 2026, CitroTech announced a (50/50) joint venture with Hexion, Inc. (CitroTech and Hexion Launch Global Joint Venture to Advance a New Standard in Next-Generation, Fire-Protected Wood Products - CitroTech). Here is an excerpt from the release.

CitroTech Inc. (NYSE AM: CITR), a leading specialty chemical company delivering environmentally-safe fire inhibitor solutions, and Hexion Inc., a leading global producer of adhesives and performance materials and American Securities portfolio company, today announced the formation of a 50/50 joint venture. Through this partnership, the companies will deploy next-generation fire-retardant solutions for the lumber and building materials industry, helping plywood, oriented strand board (OSB), and engineered wood manufacturers integrate built-in fire resistance more effectively and at a global scale.

The collaboration combines CitroTech's patented, science-backed fire-retardant chemistry (the only formulation recognized under the Environmental Protection Agency's (EPA) Safer Choice program) with Hexion's deep understanding of wood product manufacturing, trusted relationships across the industry, and proven ability to scale complex technologies for commercial adoption. Together, these capabilities position the venture to redefine how the market approaches fire protection in wood products, bringing it closer to the construction process and supporting safer, more sustainable building outcomes.

Succinctly, we are not sure we can overstate the importance of this agreement for CitroTech. Recognize, *"Hexion is a global leader in adhesives, resins, and performance materials, delivering integrated solutions that help customers improve manufacturing performance and solve complex operational challenges. Building on more than 170 years of chemical expertise, the company combines deep capabilities in chemistry, manufacturing, process optimization, and AI-enabled technologies to deliver measurable gains in throughput, consistency, uptime, efficiency, and sustainability. Hexion's solutions support customers across wood products, industrial, and specialty markets, including the advancement of renewable, cellulosic-based materials that reduce reliance on traditional inputs while maintaining or improving performance"*. Hexion serves more than 1,200 customers in approximately 60 countries through a network of 27 manufacturing facilities. This gives HexiTech access to an established industrial platform, technical personnel and customer relationships that CitroTech could not readily duplicate on its own. We would add that Hexion was acquired in 2022 by private equity firm American Securities. We believe that acquisition was done at a \$3.3 billion valuation, or about 1.7X sales.

The CitroTech-Hexion relationship originated from a relatively straightforward strategic fit. CitroTech had developed a fire-inhibiting chemistry that could improve the fire performance of lumber and engineered-wood products, but it did not have the manufacturing scale, customer relationships or technical infrastructure necessary to introduce that chemistry broadly across the wood-products industry.

The two companies worked together **for more than a year** testing CitroTech's technology with several large North American wood-products manufacturers. That work was intended to determine whether CitroTech's chemistry could be incorporated into existing manufacturing processes without materially affecting the bonding, strength or appearance of the finished product. Following that development and testing period, the companies formally created the joint venture ("HexiTech LLC"), which is now *"positioned to secure these market leaders among its first commercial customers"*.

On a more granular level, MBF-34 can be applied directly to finished lumber as a topical treatment. Through the Hexion relationship, however, the chemistry may also be combined with the resins and adhesive systems

already used during the manufacture of engineered wood. Under that model, fire resistance would become part of the finished panel rather than being added through a separate pressure-treatment or post-production process. Table 11 below is our interpretation of how that will work.

Table 11.



From our perspective, the JV substantially changes the commercial opportunity for CitroTech. Rather than attempting to build its own manufacturing plants and sales organization, the Company can use Hexion's infrastructure and relationships to introduce its chemistry into an existing global supply chain. This should shorten the commercialization process and allow CitroTech's technology to reach much larger volumes of lumber and engineered wood than the Company could address independently. Again, we do not think we can overstate the value of this arrangement.

To summarize, CitroTech has developed a proprietary fire-inhibition platform designed to make wood, vegetation and other combustible materials more difficult to ignite and less likely to sustain combustion. Unlike conventional fire-suppression products, which are generally deployed after a fire has started, CitroTech's technology is intended to treat the fuel in advance. Once applied, the water evaporates and leaves behind active ingredients that alter the combustion process, encourage charring and reduce flame spread and heat release. Moreover, their products provide an environmentally friendly alternative to legacy fire suppression chemicals, having garnered EPA Safer Choice certification as well as UL GREENGUARD Gold certification. Along those lines, the Company has also passed a California Title 22 aquatic bioassay, which measures fish toxicity, which is a marked drawback of many legacy fire suppression chemicals. Our belief is that along with their fire mitigation properties, the Company's products could garner significant traction because of their favorable relative environmental profile(s). We think that profile may prove particularly advantageous in states where environmental standards are quite stringent. Those include states like California, Washington and Oregon, which also happen to be in the eye of the storm with respect to wildfire danger. For instance, in the current fire season both Washington and Oregon have experienced multiple catastrophic and by some infamous measures, recording breaking wildfire events. That brings us to another portion of our investment thesis.

As we illustrated in the Industry Overview of this report, over the past decade or two, suppressing wildfires has become increasingly more expensive to the point where major portions of applicable federal agency budgets are being dedicated to simply putting out fires rather than trying to prevent them in the first place. Some of that reality is related to priorities. That is, when wildfires are ravaging neighborhoods and causing billions of dollars of damage, or more acutely human lives, they tend to take priority over most other budget items. That still begs the question, “why are wildfires becoming more problematic?”.

There are several overriding reasons attributed to the phenomenon, many centering around climate change, but in our view, a major portion of the problem rests in the marked growth of Wildland Urban Interfaces, placing people and their homes in the path of natural wood and/or grass ecosystems that hold immense amounts of fuel to feed fires. Obviously, once these fires reach the neighborhoods and homes, they are enhanced by “urban fuels”, which can be even more contributive than natural wood and grass counterparts. Regardless of the origins/causes of these fires, one theme is becoming increasingly clear; federal, state and local authorities need to find new solutions to mitigate their destruction to stem the financial and human tolls these events are exacting. Moreover, while we submit that several factors may be driving these fires and mitigating them has been increasingly dominated by just trying to suppress them, there have been very few new innovations or solutions developed to stop them before they start, or at least before they become catastrophic. We believe CitroTech’s technology represents one of those new innovations, which we also believe will drive success that speaks to better valuations for the underlying shares.

Lastly, we submit that human beings’ natural tendencies are to view catastrophic events as things that happen to others. It is why some people still smoke, some people don’t exercise or eat as their doctors instruct them, and some people buy smoke detectors but don’t change the batteries. As another example, we feel confident suggesting that there is a significant amount of insurance that is purchased these days because of mandate rather than prudence. Drivers are required by states to purchase auto insurance, homeowners are required by the banks that hold their mortgages to carry homeowners’ insurance, and in some cases past and present, federal and state governments mandated the purchase of medical insurance.

We recognize that this particular human tendency represents one of CitroTech’s big challenges in driving awareness and subsequent adoption of their products and services. That is, a homeowner living in a WUI may not be compelled to install CitroSafe after hearing about a catastrophic wildfire a few states away, although they may be more compelled if the fire is a few counties away. Moreover, they may be even more compelled by multiple catastrophic wildfire a few counties away, year after year. Then again, they still may not, which again speaks to CitroTech’s challenge. That said, we believe the wildfire problem is becoming so acute that stakeholders (governments, fire personnel, insurance companies, people living in WUI’s and others) are demanding new solutions, approaches and change. In that regard, we believe mandates, public and private, are likely to drive demand/adoption of new fire innovations and/or processes, and in turn measurably increase the total addressable markets (“TAM”) of many lumber and other building materials.

In our view, CitroTech is positioned to benefit from these paradigms.

Operating Overview

The operating predecessor to CitroTech was called Mighty Fire Breaker, which became part of publicly traded General Enterprise Ventures (“GEVI”) on April 13, 2022, when GEVI acquired Mighty Fire Breaker’s operating company and intellectual property. Mighty Fire Breaker operated inside the public company for approximately three years and eight months.

The Company appointed fire industry veteran Wes Bolsen CEO on October 1, 2025, ostensibly to lead the Company’s transition to broad commercialization of the platform. He is a member of the Board of Directors

as well. Mr. Bolsen “brings over two decades of experience building and leading high-growth companies across emerging technologies and wildfire protection. He co-founded and led LaderaTech as a board member and CEO, scaling it into the world’s leading wildfire prevention and protection technology company before successfully selling the business to Perimeter Solutions (NASDAQ:PRM). He subsequently joined Perimeter’s leadership team during its growth and \$2 billion public listing. Mr. Bolsen holds a Bachelor of Science in Electrical Engineering with a minor in Economics from Rose-Hulman Institute of Technology and an MBA from Stanford University’s Graduate School of Business”.

Following the CitroTech’s NYSE/American uplisting in December 2025, on January 22, 2026 the Company changed its name from General Enterprise Ventures to CitroTech, Inc.

From the Company’s S-1 as filed with the Securities and Exchange Commission on April 8, 2026.
(CitroTech Inc.S-1 A1):

We are developing and commercializing our product lines. We have been focused historically on obtaining patents and various accreditations. To date, we do not have a large customer base, having relied heavily on a few customers, for the commercialization and testing of our CitroTech product and delivery system. We currently do not have an established retail product line nor recurring significant customer base. Therefore, period over period comparisons of our results of operations are not indicative of future results.

Given the statement above, we have no relevant operating history to back test or otherwise tie our model assumptions to. Clearly, visibility will be poor over the next several quarters, so modeling will be challenging. That is not a particularly new posture for us.

The above noted, here are a few observations that we believe are topical to the Company’s projected operating outlook as we see it today.

First, as we have tried to illustrate throughout this initiating coverage, the Company has created three primary revenue legs, all established on top of its citrate-based IP platform. The Company’s collateral has alluded to some of the progress they have made into some of these relevant markets. For instance, with MFB-31, we know they established a pilot program with the City of San Diego, which they recently expanded. They have grown their “network” from 2 to 13 over the past few months, which we believe is largely related to new CitroSafe dealers/partners, and in conjunction with their JV with Hexion, they note that they have been “testing CitroTech’s technology with several large North American wood-products manufacturers and are now positioned to secure these market leaders among its first commercial customers. Clearly, the Company’s new management team, headed by Wes Bolsen, has “hit the ground running”. Succinctly, in part because of Mr. Bolsen’s history in the industry, we think they have made more inroads across these markets than they have discussed. If we are correct about that, the next 12 -18 months could include several fundamental catalysts that could speak to better valuations and new legs for the share price.

To expand on the Hexion JV, while the agreement includes some added elements, it is designed to be a 50/50 arrangement. As we understand that, since they do not own a controlling interest, CitroTech will recognize their portion of the profit/loss of the entity.

Second, while again operating numbers are limited, here is what we know about gross margins:

Table 12.

Period	Revenue	Cost of revenue	Gross margin
2024	\$808,372	\$655,499	18.9%
2025	\$2,381,407	\$1,850,682	22.3%
Q1 2026	\$344,915	\$225,577	34.6%

Given what we know about the Company’s IP/formulation, its main ingredient is tripotassium citrate which we believe is relatively easy to source and manufacture. Further the Company utilizes its own manufacturing facility. As a result, we expect margins to expand at scale, which should drive gross profit beyond 50%. We believe the Company’s collateral suggests the same.

Third, the CitroTech/Hexion JV (“HexiTech”), includes an exclusive, worldwide license, which if we understand it correctly, means that virtually all MFB-34 sales to the wood products industry will flow through HexiTech and will be executed by Hexion. That is, CitroTech’s role is to provide the IP and by extension the product to HexiTech. We do not expect that role to require significant overhead. Further, we also believe that the Company intends to rely largely on the dealer network(s), to affect the sales of MFB-31, as well as to deliver and service CitroSafe. As a result, we do not expect these segments to require considerable overhead either. These noted, we expect the Company to experience considerable operating leverage as revenues scale.

Fourth, we do not currently expect the Company to have any measurable capex requirements in the foreseeable future. As we noted, they currently have their own manufacturing facility, which we believe can produce adequate supplies of product to support several multiples of the current revenue run rate. Further, as we understand it, HexiTech may ultimately provision its own product requirements through Hexion, which already has established manufacturing facilities in strategic proximities to their customers.

Lastly, we submit, the cap table remains open-ended, which may represent one of the more cogent risks in the story. To edify, the Company is not profitable, and it is not clear at this point how long (or how much capital) it might take them to get there. As a result, we think it is likely that the Company will need to rely on additional equity, debt or some combination of the two to achieve neutral or positive cashflow. Again, that means visibility around future share counts and/or debt service remain poor.

Management Overview

Executive Officers

Wesley Bolsen – Chief Executive Officer and Director

Wesley Bolsen was appointed as the Chief Executive Officer and as a member of the Board of Directors effective as of September 15, 2025. Mr. Bolsen obtained a degree in electrical engineering with a minor in economics from the Rose-Hulman Institute of Technology, and thereafter obtained a masters’ degree in business administration from Stanford’s Graduate School of Business. In 2018, Mr. Bolsen was the founding executive and chief executive officer of LaderaTech Inc., which sold in 2020 to a public company at a time when LaderaTech Inc. distributed the world’s leading wildfire prevention and protection product. Following the transaction involving LaderaTech Inc., Mr. Bolsen was employed by Perimeter Solutions, Inc. to lead global wildfire prevention and protection until September 2022. He became an advisor to startup executives until April of 2024, when Mr. Bolsen was named chief executive officer of Imidex Inc., an FDA

cleared AI solution for the early detection of lung cancer, which sold in April of 2025 to a public healthcare company.

Nanuk Warman – Secretary and Chief Financial Officer

Nanuk Warman, CPA, CFA, was appointed Chief Financial Officer and Secretary of our Company effective on April 1, 2025. Prior to his appointment Mr. Warman spent four years working with the Company as an independent consultant and has in-depth knowledge of the Company's business and financial history. Mr. Warman has spent the last 20 years working in public company finance, advising clients on financial reporting, SOX compliance, and SEC filing requirements. For the past 10 years, Mr. Warman has served as Managing Partner of PubCo Reporting Solutions, Inc., a boutique accounting and reporting firm primarily focused on helping emerging companies on accounting and compliance matters. Mr. Warman has extensive experience with securities offerings, mergers and acquisitions, securities exchange listing compliance. He is well-versed in GAAP, with particular expertise in complex equity structures, debt financing, reverse acquisitions, and transactional accounting. Mr. Warman is a CFA® Charterholder and a member of the Chartered Professional Accountants of British Columbia.

Andrew Hotsko – Chief Operating Officer

Andrew Hotsko has served as Chief Operating Officer of our Company since July 2025, where he leads day-to-day operations and growth initiatives across the Company's platform. Prior to joining the Company, he served as Regional President of an Alpine Investors-backed services business, overseeing operational performance and expansion across multiple markets from 2023 to 2025. Earlier in his career, from 2021 to 2023, Mr. Hotsko worked in technology investment banking at Bank of America, supporting strategic and financing transactions for growth-stage companies. He previously served as an infantry officer in the U.S. Marine Corps and holds a Bachelor of Science in Economics from the United States Naval Academy and an MBA from The Wharton School of the University of Pennsylvania.

Anthony Newton – General Counsel

Anthony Newton was appointed as general counsel to the Company effective April 1, 2025. Mr. Newton has practiced law for 25 years and is a member of the State Bar of Texas. He has a BBA from Texas A&M University, a J.D. from the University of Houston Law Center, and an LL.M in Taxation from Georgetown University Law Center. Mr. Newton has focused his practice on transactions and infrastructure projects, primarily general corporate, mergers and acquisitions, commercial agreements, finance and capital markets, primarily for middle-market energy and oil and gas companies. Mr. Newton has 16 years of big-firm experience, including as equity partner with multi-national law firms such as DLA Piper. In addition, Mr. Newton has two years of experience as General Counsel with West Edge Energy LLC, a private-equity backed, mid-stream oil and gas company, during which time he was the only in-house attorney and responsible for establishing and managing the legal department of the company. Mr. Newton does not have any experience in the fire retardant or fire suppression industry.

Risks and Caveats

As we noted through much of the narrative above, our investment thesis here hinges on a handful of variables. The degree to which those variables come to fruition or otherwise fall in CitroTech's favor will likely determine their success or failure. Below are a few of the more cogent of those variables as we see them.

The Company has spent much of the past decade developing and testing their platform. Those efforts have resulted in a considerable IP platform protected by dozens of patents. That process has led them to what we believe is the front end of a promising multipronged commercial launch. However, there is a difference between testing a product, even in various scenarios, and its ultimate performance over largescale commercial deployments. Some of our concerns about that notion are mitigated by two things. First, we are confident that Hexion held some of those same concerns before they entered into the JV and is now preparing to launch it into their established customer base. Ostensibly, the product has performed well enough for them to make that commitment, as it entails considerable risk to them if the product were to fail. Secondly, we are also confident that CEO Wes Bolsen went through a similar due diligence process before committing to the Company. We suspect he has plenty of opportunities aside from this. While we view each of these situations as validation of the platform's efficacy, we still view that efficacy in the context of large commercial deployments as a measurable risk in the story.

As an extension of the above, we view the Hexion relationship as paramount to the Company's near-term and intermediate-term commercial success. In our view, anything that compromises that relationship or even its cadence could markedly impair CitroTech's success. That may be particularly topical to another cogent risk in the story, which is that the Company's cash burn places them in a precarious spot. That is, until they can elevate the business to levels where it becomes self-sustaining (from a cash perspective), they will likely remain dependent on the capital markets to feed that burn. There is no guarantee that they will be able to continue to access capital, and if they can it will likely result in further dilution of the shares. Those who follow our research are quite familiar with this risk.

In the research above we alluded to the notion that "human beings' natural tendencies are to view catastrophic events as things that happen to others". To be clear, much of our motivation in initiating CitroTech centers around our view that wildfires are becoming untenable, and as such require new, perhaps dramatic, approaches to mitigate them. Historically, wildfires that burned thousands of acres of national forest may have been viewed as unfortunate, but they did not change many people's lives, so their detrimental impact was not particularly appreciated. As those events have begun to find their way into the (ever expanding) Wildland Urban Interface's directly impacting people's homes and lives, the calculus has changed dramatically. Today, wildfires, certainly in some parts of the country (world), have moved to the top of the list of things to worry about, and that has drawn the attention of influential stakeholders including politicians, insurance companies, media, and citizens who are becoming more vulnerable to these events. Again, our thesis here is in part built on the notion these stakeholders will collectively drive change, and that change will include embracing new solutions to the problem, and likely new mandates to enable their adoption. We think those solutions will include CitroTech. Succinctly, we could be wrong about the pace and the breadth of that. For instance, the demand for change tends to dissipate the further we get from the events that precipitate it. This has been a particularly devastating fire season, but if the next few fire seasons are much milder, that change may lose its urgency. We have seen that play out in other industries.

We noted in the Product/Services Overview of this report that "we believe CitroTech has submitted application to the federal Qualified Products List (QPL) for the use of MFB-31 for ground-based applications, in which case, if successful, could get them on the QPL over the next 12 months, or more notably, by next fire season". Recall, getting MFB-312 on that list is a requirement for its use on most Federal jurisdictions. That may not happen as quickly as we have suggested, or at all for that matter, which

could compromise some of the Company's opportunities. Moreover, we think delays in that regard could be negative for the optics of the share price.

We alluded to some of this above, but it is worth repeating. For small emerging companies, operating visibility is often poor, and CitroTech is certainly no exception at this stage. Moreover, in this case, we expect visibility to be further complicated by what we think will prove to be marked seasonality in the business, which often makes modeling future outcomes more difficult. Financial markets place marked premiums on visibility so in contrast, a lack of visibility generally leads to marked associated valuation headwinds until visibility improves. Given the combination of the Company's ongoing capital requirements in the face of those valuation headwinds, the prospect of substantial dilution to shareholders is topical.

As is often the case with small companies we follow, on some levels CitroTech will have to compete with large, entrenched players with far more resources and industry clout. We have a relatively standard answer to that when it relates, and that answer is that many industries have very large dominant players, but also some small, nimble and quite successful players. Clearly, we believe that to be the case with CitroTech or we would not be initiating this. To that end, as we tried to delineate throughout this report, the fire mitigation industry needs change, and change in many industries is often led by new emerging companies as opposed to large, entrenched players that are comfortable with the moats that the status quo sometimes provides. That said, entrenched industry players do not yield their market share without a fight. Efforts from larger competitors may likely create headwinds for CitroTech.

Up to this point CitroTech's shares have been thinly traded and that may be the case for the foreseeable future. Those characteristics may involve additional risks beyond those associated with equities in general.

These are just a few of the more visible risks associated with CitroTech. There are likely others we have missed and/or are others that may not be apparent at this time.

Summary, Valuation and Conclusion

Our investment thesis here has a handful of legs to it, but from the high level, it starts with the idea that over the past two or three decades the number of people building homes and living in Wildland Urban Interfaces has increased dramatically. In conjunction, while the annual number or even the breadth in terms of acres burned by wildfires have not increased measurably (as many watching the news might assume), the catastrophic costs have become untenable. Moreover, the number of communities and homes within these WUI's suggests that these events are likely to continue to occur. That said, many stakeholders in the eye of that storm, including homeowners, communities, insurance companies, government officials on all levels, and others, are beginning to recognize that the problem needs new solutions. and we believe many of these stakeholders will, in different ways, drive adoption of these new solutions. We believe CitroTech represents one of those new solutions.

Aside from being overwhelmed, the industry's existing approaches to fire suppression also have some environmental drawbacks. Those drawbacks include potential damage to soil, watersheds, fish, wildlife and other concerns. In some instances, those drawbacks prohibit the deployment of these approaches, but in others, the economic costs of not deploying them override the environmental costs associated with their use. In short, the industry seeks more effective approaches, but it also prefers non-toxic alternatives. CitroTech's products are both effective *and safe for consumers and their respective environments*, and we believe that along with that more favorable profile the Company will be able to gather existing market share but also create new markets where environmental concerns largely prevent their advance.

The Company has been developing, refining and testing its intellectual property for over a decade. Despite successfully advancing their IP (31 issued U.S. patents), the Company has generated only modest revenue to date. However, over the past 10 months the Company hired new management and uplisted the shares to the NYSE American setting the stage for what we believe is the Company's entrée into meaningful and growing commercial traction, and we think that traction will come from multiple markets. To that end, we have spoken with one of the Company's more established CitroSafe distributors in Montana and he provided us with some insights and some metrics that we think help us frame that opportunity. Further, the Company has provided some metrics around MFB-31 opportunities, Specifically in San Diego, California, which again we think has provided us a sense of what each new customer might mean in terms of revenues.

Most importantly, in April (2026) the Company formed a joint venture with Hexion, a global specialty chemicals company focused primarily on adhesives, resins and performance materials, with a particularly strong position in the wood-products industry. Its products are used in the manufacture of plywood, oriented strand board (OSB), particleboard, MDF and other engineered-wood products, where its resin and adhesive systems help bind wood fibers, strands and veneers together. For reference, Hexion was purchased by a private equity firm in 2022, but was publicly traded at the time. In a 2020 SEC registration statement, Hexion stated that it was the *"number one wood adhesive supplier in the United States, Canada, Brazil and Australia"*. It also said its wood adhesives were critical to engineered-panel production across those markets. Earlier SEC filings described Hexion as the leading producer of formaldehyde-based resins for the North American forest-products industry, **including a 44% North American market share by volume in one earlier period**. We believe this 50/50 joint venture is likely the most transformative event in the Company's history, and we believe it may create extraordinary value for CitroTech shareholders. Here are a few of our assessments to that end, as well as some valuation metrics we have built around those assumptions.

Here again, Hexion does not publicly rank its customers by sales, particularly now that it is privately owned, consequently, perhaps the best public disclosure comes from its SEC filings before the 2022 acquisition. At that time, Hexion said its largest customer represented only about 3% of total sales, while its top 10 customers represented approximately 20% of sales. That indicates a fairly diversified customer base rather than dependence on one or two companies.

Among the major customers Hexion specifically identified were Weyerhaeuser, Norbord, Louisiana-Pacific, 3M, Akzo Nobel, BASF, Bayer, PPG, DuPont, Ford, Saint-Gobain and others. Hexion also said its relationships with its top 10 customers averaged more than 35 years. **We are assuming these customers remain today.**

For wood products specifically, the most relevant publicly identified customers were:

- Weyerhaeuser (NYSE: WY)
- Norbord, which is now owned by West Fraser (NYSE: WFG)
- Louisiana-Pacific (LP Building Solutions) (NYSE: LPX)

These three are major manufacturers of OSB and other engineered wood products. Again, **we are assuming these customers remain today**. Our point here is that we believe Hexion is an entrenched leader in wood adhesives, and its customer base is the same customer base HexiTech is targeting.

Turning to valuation, our approach is to assume the Company can add MBF-31 customers (municipalities, utilities and others) at a moderate pace through 2030 and beyond. For instance, our current model reflects them selling into a total of about 100 of these customers by the end of 2030. For reference, the U.S. Energy Information Administration notes that there are roughly **3,000 electric utilities** serving retail customers nationally. Moreover, there are over 170 utilities with specific wildfire mitigation plans in place. In addition, as we noted in the narrative above, there are *1,100 communities in 32 states across the United States that*

share similarities with communities recently devastated by urban wildfires. Frankly, given the potential customer base of these two groups alone, we would guess that the Company will be disappointed if they get to 2030 and 100 is the total customer base they have been able to attract. This is a metric we will be trying to identify/monitor going forward.

We are estimating that the Company can achieve 35 CitroSafe distributors by the end of 2030. For perspective, Management's recent business update noted that *"as of the end of the second quarter, our network had grown to 13 partners, and subsequent to quarter end, that network has expanded to more than 20 partners"*. We believe this metric speaks to the MBF-31 customers above as well as CitroSafe distributors. That is, we think "partners" may include enterprises selling and servicing municipalities or other customers with bulk MBF-31 applications as well as enterprises providing CitroSafe sprinkler et al systems, or both. Moreover, also for reference, we are assuming that CitroSafe distributors can install systems that require the purchase of between 10,000 and 20,000 gallons of MBF-31 annually. These are numbers we gathered from our conversations with existing CitroSafe distributors. To edify, these systems can have wide ranges of value depending on the customer. For instance, we think a small system could be in the range of \$8,000 to \$10,000 requiring a 100-gallon (MBF-31) tank, while systems for large multimillion dollar estates could be in the \$100,000 to \$150,00 range requiring 1,000+ gallons of MBF-31. Ostensibly, these distributors will seek to align themselves with developers building custom homes and/or developments in remote WUIs that may be less sensitive to price. However, as we covered above, we believe insurance and permitting issues may force this type of protection into more modestly valued properties as well. Here again, we think it is fair to suggest that the Company's internal goals are likely to include considerably more distributors than we are assuming.

Lastly, to reiterate, the Company's Hexion JV is likely to be the Company's largest revenue contributor, which of course means it is also the largest driver of potential valuation. That said, here is a brief overview of our approach to estimating the ongoing contribution from this piece.

First, industry estimates peg the annual worldwide market for fire retardant wood products at about \$1.6 billion to \$1.7 billion, with the North American market representing 40% to 45% of that market or around \$750 million. As usual, we would caution that industry estimates tend to be quite variable one to the next, but these numbers seem to be in the ballpark of most. Recognize, this number includes the cost of fire-retardant applications *along with the wood itself*. As near as we can tell, those applications may represent as much as 40% of the total cost of the fire-retardant product. Moreover, if Hexion has a 40% to 50% market share for adhesives, our assumption is that through 2030, because of their existing customer base they could capture a like portion of the fire-retardant wood market. We submit, that may be a bold assumption, but keep in mind, we believe CitroTech's technology will make that retardant process easier, faster, more economical, and more environmentally favorable, so we believe that assessment is defensible. Readers will need to make that determination themselves. That said, **our current price target is based on these base assumptions as well as the MBF-31 assumptions also noted above, however, our belief is that the opportunity for fire retardant wood products is considerably larger than we are modeling here and here is why.**

The worldwide fire-retardant wood product industry is relatively small (\$1.7 billion) and the portion related to that treatment of those products (the portion applicable to CitroTech/HexiTech) is a fraction of that. However, the broader U.S. structural wood-products market alone exceeds \$75 billion annually. If HexiTech can make fire resistance a standard feature of mainstream lumber, OSB, plywood and engineered wood, even a 2%–3% incremental value would imply a potential U.S. addressable market of roughly \$1.5–\$3.0 billion annually, which is well beyond any estimates/ targets we are currently projecting. To be clear, **we do not believe Hexion formed this joint venture with CitroTech to try to capture their typical share of the relatively small existing fire-retardant wood product business.** Rather, we believe their sights are set on providing a fire-retardant solution that can seamlessly address a much larger portion of the wood products industry. Moreover, as our thesis suggests, we believe that opportunity will be driven by legislative and economic (insurance) mandates that require the broader use of fire-retardant wood products.

To be clear, those drivers may or may not come to pass, however **if** through the next decade, HexiTech ends up treating billions of dollars' worth of wood products per year, we believe CitroTech's resulting valuation would likely be *several multiples* of the current valuation as well as multiples of our current target.

As a result of our assessments herein, we are initiating coverage of CitroTech with our typical opening allocation of 4, and a 12-24 month price target of \$13.75 per share. We submit, current visibility towards our estimates and associated conclusions are currently poor and we expect the model to require marked adjustment as we move forward. However, we have applied robust discounts to those conclusions to reflect risks associated with some of that limited visibility. We will continue to assess new data points, (good or bad), and make appropriate adjustments to our model, which will almost certainly influence our valuation conclusions (higher or lower).

Proprietary- Do Not Distribute

Projected Operating Model

Projected Operating Statement						
CitroTech, Inc.						
Perpared by: Trickle Research						
	(actual)	(actual)	(estimate)	(estimate)	(estimate)	(estimate)
	03/31/26	06/30/26	09/30/26	12/31/26	Fiscal 2026	Fiscal 2027
Revenue	\$ 344,915	\$ 280,666	\$ 483,000	\$ 918,000	\$ 2,026,581	\$ 20,887,500
Operating expenses						
Cost of revenue, exclusive of amortization and depreciation shown separately below	\$ 225,577	\$ 271,628	\$ 477,010	\$ 681,460	\$ 1,655,675	\$ 6,707,680
Cost of revenue - related parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization and depreciation	\$ 125,684	\$ 123,850	\$ 125,000	\$ 125,000	\$ 499,534	\$ 500,000
General and administration	\$ 409,956	\$ 218,290	\$ 414,490	\$ 427,540	\$ 1,470,276	\$ 2,226,625
Advertising and marketing	\$ 137,600	\$ 210,792	\$ 114,490	\$ 127,540	\$ 590,422	\$ 1,026,625
Payroll and management compensation	\$ 3,107,367	\$ 2,061,328	\$ 2,012,075	\$ 2,022,950	\$ 9,203,720	\$ 8,522,188
Professional fees	\$ 679,842	\$ 648,710	\$ 648,453	\$ 656,065	\$ 2,633,070	\$ 2,925,531
Professional fees - related parties	\$ 24,510	\$ 43,150	\$ 25,000	\$ 25,000	\$ 117,660	\$ 100,000
Research and development expense	\$ 81,525	\$ 197,067	\$ 164,490	\$ 177,540	\$ 620,622	\$ 1,226,625
Total operating expenses	\$ 4,792,061	\$ 3,774,815	\$ 3,981,008	\$ 4,243,095	\$ 16,790,979	\$ 23,235,274
Loss from operations	\$ (4,447,146)	\$ (3,494,149)	\$ (3,498,008)	\$ (3,325,095)	\$ (14,764,398)	\$ (2,347,774)
Other income (expense)						
Other income		\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense	\$ (164,833)	\$ (3,569)	\$ (5,000)	\$ (5,000)	\$ (178,402)	\$ (15,000)
Interest expense - related parties	\$ (777,285)	\$ (27,562)	\$ -	\$ -	\$ (804,847)	\$ -
Interest income	\$ 26,066	\$ 16,748	\$ -	\$ -	\$ 42,814	\$ -
Financing expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing expense - related party		\$ (361,801)	\$ -	\$ -	\$ (361,801)	\$ -
Loss on fair value of derivative liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on settlement of debt	\$ (847,366)	\$ -	\$ -	\$ -	\$ (847,366)	\$ -
Loss on Sale of Assets		\$ (32,257)	\$ -	\$ -	\$ (32,257)	\$ -
0		\$ -	\$ -	\$ -	\$ -	\$ -
Total other expense	\$ (1,763,418)	\$ (408,441)	\$ (5,000)	\$ (5,000)	\$ (2,181,859)	\$ (15,000)
Loss before taxes	\$ (6,210,564)	\$ (3,902,590)	\$ (3,503,008)	\$ (3,330,095)	\$ (16,946,257)	\$ (2,362,774)
Provision for income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (6,210,564)	\$ (3,902,590)	\$ (3,503,008)	\$ (3,330,095)	\$ (16,946,257)	\$ (2,362,774)
Comprehensive loss	\$ (6,210,564)	\$ (3,902,590)	\$ (3,503,008)	\$ (3,330,095)	\$ (16,946,257)	\$ (2,362,774)
Net loss per common share - basic	\$ (0.33)	\$ (0.18)	\$ (0.16)	\$ (0.15)	\$ (0.84)	\$ (0.10)
Net loss per common share - diluted	\$ (0.33)	\$ (0.18)	\$ (0.15)	\$ (0.14)	\$ (0.84)	\$ (0.10)
Weighted average number of common shares outstanding - basic	18,833,068	21,754,514	21,754,514	22,780,787	19,513,201	22,677,269
Weighted average number of common shares outstanding - diluted	18,833,068	21,754,514	23,350,563	24,594,138	20,195,081	23,813,997

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Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals \$250) and 10 representing 10 investment units or \$2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit \$25,000 to buying micro-cap stocks, that would assume an investment of \$1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at \$1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same \$250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting \$1000 into the position ($\250×4). If we later raise the allocation to 6, you might consider adding two additional units or \$500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

A Trickle rating of 1 thru 3 would best correspond to a "Hold" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.

A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.

A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.