DEEPSPATIAL INC.

(formerly, Aylen Capital Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2025

Introduction

Management's Discussion and Analysis ("MD&A") is intended to help readers understand DeepSpatial Inc.'s (the "Company") unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2025. This MD&A should be read together with those financial statements and the audited consolidated financial statements for the year ended June 30, 2025. Except where otherwise indicated, amounts are expressed in Canadian dollars. The effective date of this report is October 28, 2026.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies; the need to obtain additional financing and uncertainty as to the availability and terms of future financing.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward- looking statements contained herein are as of the effective date of this MD&A and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to raise additional funds, results of the research and development performed in relation to the products and services of the Company, positive result due to the change in business model, possibility of entering into strategic alliance, distribution agreements and other arrangements to market their products and services and possibility of producing viable products through the use of the new technologies purchased and developed.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto,

as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

CORPORATE OVERVIEW

The Company's corporate office is located at 40 King Street West, Suite 2400, Toronto, ON, M5H 3Y2.

The Company leverages Artificial Intelligence to create robust intelligence solutions for transforming data into business outcomes for enterprises. At the same time, the company uses a similar approach to providing actionable insights for education, healthcare and agriculture.

Extensive User Research has gone into its development. The Company comes from actual validation of client pain points and the value proposition would substantially improvise planning, resource allocation, and decision-making – predicting the surge in demand and supply, identifying the prospects of high and low margin, multiplying supply chain efficiency, and optimizing service delivery. The scope of solutions that can be improved with the integration of geolocation intelligence is simply endless. The Company's unique technology unites business data with business operations to help it understand: (1) customer personas (to distinguish and classify personalized product preferences and SKU relativity);

(2) predict inventory consumption and link it to effective supply chains and warehouse planning; (3) expand existing markets by locating potential customers analogous to already existing clientele; and (4) to promote targeted pricing and discount strategies on a geospatial basis. Its technology helps businesses better understand important questions including who a company's ideal customers are, how it can more effectively manage inventory, and where to open new locations or expand.

The following highlights the four steps involved in The Company's business solution:

1. Collect business data: **including SKU (Stock Keeping Unit) level, inventory levels and other business key performance indicators (KPIs).**

2. Collect public and private data: The Company's artificial algorithms **use** location context data (through various map engines) as well as public, proprietary and dynamic data in order to arrive at relevant insights. The company's pre-built algorithms customize this data in order to generate a unique geospatial algorithm for its clients that is used to optimize their business.

3. Utilize artificial intelligence and machine learning **engine to: arrive at future data sets (which are used as pre usage data sets); geospatially stitch information together to allow the automatic geocoding and display of such data; and apply its machine learning algorithms to arrive at relevant features important to a particular business processes and outcomes.**

4. Generated insights will allow businesses to understand:

- WHO:
  - are the customers that a particular business should target?
  - are the "super fans" that can improve a company's NPS (net promoter score)
  - are the most active on social media?
  - should we be focusing our business efforts towards?
- WHEN:
  - is the best time to launch a product or service?
  - is the best time to expand?
  - is the best time to scale back?
  - should a business allocate resources to a specific, time-sensitive initiative?
- WHERE:
  - are the most profitable places for expansion?
  - should a business open a new location?
  - should a business keep its warehouse/office?
  - should a business target its marketing (traditional & digital) and spending?
  - should a company strategically increase/decrease its presence?
  - are the bottlenecks in the end of end process of the business as a whole?
- HOW:
  - can a business/brand better connect with people?
  - can a business optimize its inventory and/or service management?
  - can a business build better supply chains?
  - can a business use social media and location data to discover unique factors of consumer behavior including regarding a consumer's hobbies and interests, lifestyle preferences, relationships, diet choices, entertainment preferences and his or her culture and beliefs?
  - can a business predict the probability that a service or product will succeed in a particular market?
- WHY:
  - is a business not obtaining the intended results?
  - is a business or segment growing?
  - isn't a business or segment growing?

The result? Smart, data driven decisions for business growth across multiple industries including retail, food and beverage, government as well as agriculture and engineering construction.

One of the most common challenges faced by companies is how to how to apply data (that is largely unstructured) in a meaningful way to their business. Our Company helps bridge that gap by synthesizing the collected data into a format that can easily understood by companies to provide data-driven answers. The data fusion platform together with the machine learning platform allows business to stitch data which is multi variable and analyze the same.

Product Pipeline

The company has launched products for the enterprise segment along with that an end to end platform for education, healthcare and agriculture. At the same time, the company is working on use cases associated with crime prevention.

Verticals Targeted

Our current efforts to commercialize our technology are targeted towards the government sector as being one of the focus segments along with players in the manufacturing, retail, food and beverage, and transportation verticals. As we mature, we hope to penetrate other industry verticals with our AI and alternative data offering that provides robust geo-intelligence insights for businesses. Currently, our biggest focus is on education, agriculture and healthcare.

In March, Deepspatial announced the appointment of technology and business development experts to its board to strategize technology development and to further business development. The following
Sourav Sachin, VP Engineering at BrowserStack, previously CEO of WoNoBo, Director of Engineering, Flipkart Kapil Raval, Director, Partner Ecosystem, Azure Global Engineering at Microsoft
Andrew Mandyam, Founding Partner, Utilis Consulting, previously Director at Enbridge Gas Distribution
Robert Luciano, CEO, DecisionSMART Retail Advisory, previously Director, Starbucks Coffee Canada
Pulkit Trivedi, Director, Google, previously Director, Facebook

Sourav Sachin is an alumnus of the prestigious Indian Institute of Technology, Bombay, and brings over two decades of experience in the technology, media, and retail sectors where he has built, scaled, and commercialized several technologies. He is currently the VP of Engineering at BrowserStack, a technology company specializing in building cloud web and mobile testing platforms that provide developers the ability to test their website and applications across on-demand browsers. Prior to joining BrowserStack, Sourav served as the CEO of WoNoBo, a cloud-based GIS platform specializing in “street view” functionality. Sourav was the Director of Engineering for Flipkart, India’s largest eCommerce company, which was acquired by WalMart for $16 billion USD.

Kapil Raval is currently a director in the energy vertical for Azure Global Engineering at Microsoft. Prior to this role, he was the Director of Corporate Business Development for AI-infused Industry Solutions for Microsoft. Before his work at Microsoft, Kapil was the Global Business Leader for Telecom Solutions at Hewlett Packard Enterprise, where he led teams globally, expanding HPE’s telecom solutions market by over 12%.

Andrew Mandyam is currently the founder and CEO of Utilis Consulting, an energy consulting company based out of Ontario, specializing in offering a subscription-based product to players in the energy sector. Before founding Utilis, Andrew was the Director of Regulatory Affairs at Enbridge Gas, the largest natural gas utility in Canada serving over 2 million customers and bringing over $2 billion in annual revenues.

Robert Luciano brings over 25 years of experience in the retail sector, and currently serves as the CEO of DecisionSMART advisory, a consulting firm specializing in retail expansion for firms providing in-house expertise on the real estate and demographic variables. Prior to his foray into entrepreneurship, he was the Director of Store Development for Starbucks Coffee Canada, where he led the opening of 50+ new stores across the country and managed a portfolio of 500+ existing assets.

The company also provided a description of its geospatial AI platform:

Pioneering Geo-AI Analytics for Transformative Insights

Deepspatial AI's Geo-AI Analytics Platform represents a cutting-edge blend of geospatial analysis and artificial intelligence, designed to uncover hidden insights across various scales - from state-wide to global levels. The platform is built on a robust inference engine capable of processing diverse data sets across key sectors such as education, agriculture, and food & civil supplies.

Key Features and Value Proposition:

Inference Engine: At the heart of the platform, the inference engine is designed to share hidden insights by analyzing geospatial data. This enables state-wide, country-wide, and global inferencing capabilities.

Sector-Specific Insights: Initially focusing on education, agriculture, and enterprise-specific segments, the platform leverages state data sets to deliver tailored insights.

Scalable Insights: As we integrate more data, our platform's value grows, offering deeper insights. This scalability allows for more accurate modeling and inferencing as the customer base expands across state governments and enterprises.

Customizable Subscription Services: The company’s business model includes segment-specific subscriptions such as Eduverse for education, AgriVerse for agriculture, and Fitverse for health and fitness, among others. This approach allows for targeted solutions that meet the unique needs of clients.

The company also announced appointment of David Yu as an independent director to the board. Mr. Yu brings a wealth of experience and a proven track record of success in the technology and business sectors. His previous role as CEO showcases his exceptional leadership and strategic vision, vital in navigating companies through growth and innovation. His background is further enriched by a bachelor's degree in electronic engineering, and extensive experience in IT support and engineering.

On March 20th, the company also announced a government contract valued at over $800,000. This end-to-end service agreement spans an initial period of three years, marking a significant milestone in Deepspatial's venture in addressing the global food crisis. Over the next eight months, Deepspatial will deploy its cutting-edge AI platform across more than 4,500 locations within one state in India, starting in April 2024. This ambitious project aims to enhance public distribution, market enforcement, and consumer protection through advanced data analytics and AI technologies. Deepspatial's platform will ensure that essential goods and services reach those in need efficiently and effectively. This technology will play a pivotal role in enhancing market discipline and safeguarding consumer interests by providing real-time insights and analytics for decision-makers.

This strategic partnership was secured in collaboration with a leading system integrator, through a competitive bid and RFP process. The collaboration signifies Deepspatial's commitment to leveraging its proprietary technology to address complex challenges in the public sector, ensuring efficient service deliveries and enhanced consumer satisfaction.

The company is proud to announce generation of meaningful revenue. On April 11th, the company announced that between January 1 and March 31, 2024, the Company has received a total of CDN$425,000 in payments from clients for the contracts awarded, demonstrating a significant leap in the Company's financial strength and market trust. Furthermore, the Company has successfully invoiced CDN$860,000 for its innovative solutions during this period, signaling a robust demand for its state-of-the-art AI-driven offerings. These financial achievements underscore Deepspatial's pivotal turning point in its operational success and financial stability.

Furthermore, the company significantly reduced its share count by announcing on April 22nd cancellation of 21,450,000 previously issued common shares of the Company (the "Shares"). The Shares were initially issued to Algo8 India Private Ltd ("Algo8") for acquisition of technology which was never delivered to Deepspatial. Nandan Mishra, a principal of Algo8, has also resigned from the board of directors of Deepspatial, effective immediately.

The company announced further progress in launch of its platform for education in the state of Meghalaya, India on May 13th. The company announced successful completion of a pilot program and the official launch of its education platform under the Government of India's Vidya Samiksha Kendra (VSK) initiative. This milestone marks a significant achievement in the implementation of the National Education Policy. Under the VSK initiative, Deepspatial's platform is being deployed in the state of Meghalaya. Deepspatial's AI-based learning analytics, assessment, and management system is a critical component of the entire VSK setup. VSK setup includes Deepspatial's AI platform along with setup being developed by one of the largest Japanese Multinational Conglomerate which is a Fortune 500 company and among the top 10 companies by market capitalization on NIKKEI index.

The development announced by Deepspatial involved tech enhancement, tech deployment along with revenue generation which together sets the stage for growth of the company moving forward.

Building on its operational momentum in early 2024, the Company continued to expand both the scale and impact of its AI-driven platforms across multiple government initiatives.

On October 2, 2024, Deepspatial was awarded the WGIC DEI Trailblazer Corporate Impact Award 2024 by the World Geospatial Industry Council. This international recognition reflects the measurable impact of the Company's edskCalibre platform in advancing equitable access to education through applied GeoAI and large-scale analytics. The award reinforces Deepspatial's growing credibility as a global public-sector technology partner.

Shortly thereafter, on October 10, 2024, the Company commenced implementation of its edskCalibre platform under a contract valued at approximately $2 million with the Department of Education, Government of Himachal Pradesh, India. The deployment supports personalized assessment, career guidance, and performance analytics for more than 530,000 students and approximately 5,000 educators.

This state-wide rollout further validates the scalability of the Company's AI infrastructure and its ability to execute complex, multi-location public sector deployments.

On October 29, 2024, the Company expanded its education footprint through participation in a Government-led Talent Identification Programme designed to identify high-potential students for scholarship opportunities with the Aga Khan Foundation. By leveraging its proprietary analytics engine, Deepspatial enabled large-scale, data-driven student assessment, further strengthening its positioning within the education technology and social impact ecosystem.

While operational progress continued, the Company also addressed regulatory matters. On November 1, 2024, the Ontario Securities Commission issued a Failure-to-File Cease Trade Order as a result of delays in filing audited financial statements and related disclosures for the fiscal year ended June 30, 2024. Management has prioritized resolution of these matters and has taken concrete steps to restore full compliance.

On November 11, 2025, the Company appointed new auditors to complete outstanding financial filings and advance the process toward revocation of the cease trade order. Management views this appointment as a critical governance milestone and remains focused on strengthening internal controls, completing required filings, and positioning the Company for re-engagement with capital markets.

SELECTED FINANCIAL INFORMATION

The following information is derived from the unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2025 and 2024. Parentheses denote losses or cash outflows.

	Three months 2025 $	Three months 2024 $	Six months 2025 $	Six months 2024 $
Revenue	373,549	209,404	654,504	649,419
Direct costs	215,107	86,445	450,504	277,234
Gross profit	158,442	122,959	204,000	372,185
Operating expenses	(413,597)	(305,836)	(731,817)	(579,101)
Loss before income taxes	(255,155)	(182,877)	(527,817)	(206,916)
Income tax expense	–	–	–	(17,560)
Net loss	(255,155)	(182,877)	(527,817)	(224,476)
Comprehensive loss	(253,783)	(185,463)	(521,440)	(226,180)
Loss per share, basic and diluted	(0.0025)	(0.0018)	(0.0052)	(0.0022)
Weighted average common shares	102,422,171	102,422,171	102,422,171	102,422,171

Financial position

	December 31, 2025 $	June 30, 2025 $
Cash and cash equivalents	72,110	72,552
Contract asset	979,135	459,537
Other current assets	306,784	200,227
Total current assets	**1,358,029**	**732,316**
Total assets	**1,358,029**	**732,316**
Accounts payable and accrued liabilities	1,167,042	1,042,620
Contract liabilities	1,116,038	219,546
Loans	164,585	87,038
Due to related party	25,000	–
Income tax payable	123,059	87,108
Debentures	180,990	193,249
Total current liabilities	**2,776,714**	**1,629,561**
Shareholders' deficiency	(1,418,685)	(897,245)

Results of operations

For the three months ended December 31, 2025, revenue was $373,549 compared with $209,404 in the corresponding 2024 period. Direct costs were $215,107 (2024: $86,445), yielding gross profit of $158,442 (2024: $122,959) and a gross margin of approximately 42.4% (2024: 58.7%). Operating expenses were $413,597 compared with $305,836 in 2024, and net loss was $255,155 compared with $182,877. There was no income tax expense in either December quarter.

For the six months ended December 31, 2025, revenue was $654,504 compared with $649,419 in 2024. Direct costs were $450,504 (2024: $277,234), gross profit was $204,000 (2024: $372,185), a gross margin of approximately 31.2% (2024: 57.3%), and operating expenses were $731,817 compared with $579,101

in 2024. There was no income tax expense in the 2025 period (2024: $17,560), and the net loss was $527,817 compared with $224,476. All revenue was generated in India through the Company's contracted activities, and one customer accounted for 100% of revenue for the six months ended December 31, 2025.

Compared with the December 2024 quarter, the increase in operating expenses was driven principally by higher transfer agent and regulatory fees ($48,969 versus $10,370), higher payroll expenses ($96,677 versus $49,505) as the Company added staff for its operations in India, higher consulting fees ($55,829 versus $33,688), higher office and miscellaneous costs ($99,796 versus $85,283) and higher interest expense ($8,610 versus $2,677). These increases were partly offset by the absence of marketing ($15,000 in 2024), legal ($5,000) and research and development ($4,955) costs. Management fees were $62,400 compared with $56,400, and audit and accounting costs were $26,820 compared with $26,250.

On a six-month basis, payroll expenses rose to $164,444 from $80,736, office and miscellaneous costs rose to $212,832 from $154,730 (including office rent in India), consulting fees rose to $104,620 from $64,171, transfer agent and regulatory fees rose to $57,942 from $20,531 and interest expense rose to $15,610 from $8,048. Management fees declined to $124,800 from $142,800, and there were no marketing (2024: $30,000), research and development (2024: $19,553), legal (2024: $6,900) or interest accretion (2024: $5,128) costs in the 2025 period.

Summary of quarterly results

The following quarterly amounts are presented as profit (loss) before income taxes on a consistent basis. No income tax expense was recorded in the fiscal 2026 quarters; the fiscal 2025 income tax expense of $17,560 for the six months ended December 31, 2024 was recorded in the September 2024 quarter.

Quarter	Profit (loss) before tax $
Q2 FY2026 — Dec. 31, 2025	(255,155)
Q1 FY2026 — Sep. 30, 2025	(272,662)
Q4 FY2025 — Jun. 30, 2025	(111,454)
Q3 FY2025 — Mar. 31, 2025	375,646
Q2 FY2025 — Dec. 31, 2024	(182,877)
Q1 FY2025 — Sep. 30, 2024	(41,599)
Q4 FY2024 — Jun. 30, 2024	(1,352,888)
Q3 FY2024 — Mar. 31, 2024	(173,853)

No cash dividends have been paid by the Company, and management does not presently intend to pay dividends while available funds are needed for operations.

CRITICAL ACCOUNTING ESTIMATES

Preparing financial statements in conformity with IFRS requires the Company to select from possible alternative accounting principles. Estimates also affect classification and reported amounts for various assets, liabilities, equity balances, revenues and expenses. Prior estimates are revised as new information is obtained and are subject to change in future periods. Management believes the accounting policies and estimates used in preparing the financial statements are considered appropriate in the circumstances but are subject to numerous judgments and uncertainties inherent in the financial reporting process.

The preparation of these financial statements requires management to make judgements regarding the going concern of the Company, as well as the determination of functional currency. The functional currency is

the currency of the primary economic environment in which an entity operates and has been determined for the Company. The functional currency for the Company has been determined to be the Canadian dollar and its subsidiary in India as Indian Rupees.

Significant estimates made by management affecting the financial statements include:

Revenue recognition

Contract revenue relating to performance obligations satisfied over time is recognized using a percentage-of-completion approach. Contract revenue, contract assets, contract liabilities, and contract costs are determined based on management estimates and judgments used to measure progress toward completion of contracts. Progress toward completion is measured by comparing actual costs incurred to date with total estimated costs for the contract. In determining total estimated costs, management applies judgment and assumptions related to, among other factors, project schedules, material and labour costs, and changes in contract scope. Changes in estimates could impact the amount and timing of revenue recognized, as well as related contract assets and contract liabilities.

Revenue is recognized only when it is probable that the Company will collect the consideration to which it expects to be entitled. For contracts where collectability is not considered probable, no revenue or contract asset is recognized until such time as collectability becomes probable.

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income and the interpretation of tax regulations in multiple jurisdictions. As the final outcome of tax reviews may differ from the estimates recorded, changes in these estimates are recognized in the period they become known. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Useful life of intangible assets

The intangible asset is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience and takes into consideration the anticipated life of the asset, the potential for technological obsolescence, and regulations.

Impairment

The Company applies judgment to assess whether there are any indications that the carrying value of its

intangible assets, including trademarks and incorporation costs, may be impaired. Intangible assets are tested for impairment

whenever there is an indication that their carrying value may exceed their recoverable amount. Additionally, intangible assets with indefinite useful lives, such as trademarks, are tested for impairment at least annually.

The recoverable amount of these intangible assets is determined based on the higher of fair value less costs to sell and value in use ("VIU"). Estimating the recoverable amount involves making assumptions about future cash flows, projected revenues, operating results, and other factors such as discount rates and margins. These estimates may change over time due to market conditions or business strategies.

The impairment test ensures that intangible assets are not carried at more than their recoverable amount, reflecting the Company's judgment about whether the expected future economic benefits from the asset remain intact.

Share-based Payments

Estimating fair value for granted stock options and warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Provisions

The Company recognizes provisions if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Convertible debentures

The Company makes estimates and assumptions relating to the fair value measurement and disclosure of its convertible debentures. The fair values are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

Financial instruments

Financial assets and liabilities, with the exception of accounts receivable and contract asset that does not have a significant financing component, are initially recognized at fair value plus or minus directly attributable transaction costs as appropriate, except for financial assets at fair value through profit or loss, for which transaction costs are expensed. The determination of fair value requires the Company to make assumptions, estimates and judgments regarding approach, effective interest rate, impairment, and foreign exchange rates. As a result, the fair value impacts the Company's reported assets and liabilities.

Shares issued for non-cash consideration

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2025, cash and cash equivalents were $72,110 compared with $72,552 at June 30, 2025. Current assets were $1,358,029 and current liabilities were $2,776,714, resulting in a working capital deficiency of $1,418,685, compared with $897,245 at June 30, 2025. The contract asset increased to $979,135 from $459,537, while contract liabilities increased to $1,116,038 from $219,546. Accounts payable and accrued liabilities increased to $1,167,042 from $1,042,620.

Cash used in operating activities was $96,107 for the six months ended December 31, 2025 (2024: $299,175). The 2025 amount includes the $527,817 net loss, $1,000 of accrued CEBA loan interest and $430,710 of cash provided by changes in non-cash working capital. The increase in contract liabilities of $896,492, together with increases in accounts payable and accrued liabilities of $124,422 and income tax payable of $35,951 and a decrease in accounts receivable of $13,078, more than offset increases in the contract asset of $519,598, prepaid expenses of $84,827 and sales tax receivable of $34,808.

There were no investing cash flows in either six-month period. Financing activities provided $91,408 (2024: $69,204), comprising loan proceeds of $78,667 received by the Indian subsidiary and $25,000 advanced by a company related by common directors, partly offset by debenture repayments of $12,259. After a $4,257 foreign-exchange effect, cash decreased by $442 to $72,110.

Going concern uncertainty

The Company incurred a net loss of $527,817 and used $96,107 in operating activities during the six months ended December 31, 2025. At that date it had $72,110 of cash, a working capital deficiency of $1,418,685 and an accumulated deficit of $9,896,865. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Its ability to meet obligations depends on collecting amounts under customer contracts, generating cash from operations and obtaining additional financing when required. There can be no assurance that sufficient financing or operating cash flows will be available.

OUTSTANDING SHARE DATA

The Company had 102,422,171 common shares outstanding at December 31, 2025. No common shares, stock options, restricted share units or warrants were issued during the six months then ended, and no share-based compensation expense was recorded.

Security	December 31, 2025	October 28, 2026
Common shares	102,422,171	102,422,171
Stock options	–	–
Restricted share units	202,668	202,668
Warrants	–	–
Fully diluted securities	102,624,839	102,624,839

All 24,272,665 warrants outstanding at June 30, 2025 expired unexercised during the six months ended December 31, 2025, between September 13, 2025 and December 4, 2025. No common shares, stock options, restricted share units or warrants were issued after December 31, 2025 and before the date of this MD&A.

FINANCIAL INSTRUMENTS

Cash, accounts receivable, the contract asset, accounts payable and accrued liabilities, loans, the amount due to a related party and debentures are the Company's principal financial instruments. Credit risk arises principally from customer balances; one customer accounted for 100% of revenue for the six months ended December 31, 2025, resulting in significant customer concentration risk. Liquidity risk is significant given cash of $72,110 and current liabilities of $2,776,714 at December 31, 2025. The India subsidiary also exposes the Company to foreign-currency risk. See the accompanying financial statements for the Company's accounting policies and further information about these risks.

TRANSACTIONS WITH RELATED PARTIES

Management fees expensed to directors and officers were $124,800 in the six months ended December 31, 2025 (2024: $142,800), and vehicle-use expenses were $6,000 (2024: $6,000). At December 31, 2025, $25,000 was due to a company related by common directors (June 30, 2025: $nil); the amount is interest free, carries no repayment terms and is due on demand.

As at December 31, 2025, there was $573,853 (June 30, 2025: $450,648) due to related parties in accounts payable and accrued liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not reported material off-balance sheet arrangements in the accompanying interim financial statements.

BOARD PURPOSE AND FUNCTION

The Board oversees corporate governance, strategy, financial reporting and the interests of shareholders. At December 31, 2025, the Board consisted of three members. There were no changes in the directors after December 31, 2025 and before the date of this MD&A.

CONTROL AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could burden the Company's financial resources, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and workload will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial accounting and reporting.

(a) The Company being a venture issuer, is not required to certify the design and evaluation of the Company's Disclosure Control and Procedures ("DC&P") and Internal Control Over Financial Reporting ("ICFR") and has not completed such an evaluation; and

(b) inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

The Company faces risks associated with limited liquidity, customer concentration, the need for additional financing, technology development, competition and its ability to protect intellectual property. These risks should be considered together with the going concern disclosure in the interim financial statements.

Regulatory filings and cease trade order

On November 1, 2024, the Ontario Securities Commission issued a failure-to-file cease trade order because of delays in the Company's continuous disclosure filings. This restricts trading in the Company's securities and could affect liquidity, investor confidence and access to capital until the order is revoked.

Management

Dependence on Key Personnel, Contractors and Service Providers, shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be

dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Additional Funding and Financing Risk

Additional funds will be required for future development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financing by the Company may result in substantial dilution for existing shareholders.

Uninsured Hazards

The Company currently carries no insurance coverage. The potential costs that could be associated with any liabilities not covered by insurance or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial position.

Conflicts of Interest

Certain Directors and Officers of the Company also serve as Directors and officers of other companies involved in development and production. Consequently, there exists the possibility that such Directors or Officers may be in a position of conflict of interest. Any decision made by such Directors or Officers involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

Permits, Licenses and Approvals

The operations of the Company may require licenses and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licenses and permits that may be required to maintain its activities.

General Venture Company Risks

The common shares must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the common shares should only be considered by those persons who can afford a total loss of investment and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in common shares.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

Marketing and Distribution Capabilities

In order to commercialize its technology, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market certain of its products, the Company must either acquire or develop a sales and distribution infrastructure. In order to maximize sales of other products, the Company may determine that it needs to either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its management and key personnel and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

Rapid Technological Development

The markets for the Company's products and services are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved

existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Company's products or which render the products currently sold by the Company obsolete or less marketable.

The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources then currently anticipated in research and development and product enhancement efforts and result in increased operating expenses.

Competition

The Company's industry is competitive and composed of many foreign companies. The Company expects to experience competition from competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology. Although the Company considers certain of its technology to be proprietary, patents or copyrights do not protect all design and technology. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

SUBSEQUENT DEVELOPMENTS

Subsequent to December 31, 2025, the Company received further advances of $120,000 from a company related by common directors, bringing the amount due to $145,000 at June 30, 2026; obtained an unsecured third-party loan bearing interest at 12% per annum, with a balance of $109,087 (including accrued interest) at June 30, 2026 that was repaid in full after June 30, 2026; and repaid a further $7,790 of debentures. After June 30, 2026, the Company also obtained and fully repaid an unsecured short-term third-party loan of $150,000 (together with accrued interest of $1,698) and obtained an additional unsecured loan of $75,000 bearing interest at 10% per annum and repayable on demand.

STRATEGY AND OUTLOOK

The Company's objective is to increase shareholder value by commercializing its artificial intelligence and geospatial analytics products, executing customer contracts and pursuing suitable strategic opportunities.