# Yocale.AI Inc.

# (formerly Vivasync Solutions Inc.)

## Management's Discussion and Analysis

Three and Nine months ended May 31, 2026 and 2025
(In Canadian dollars)

## Management's Discussion & Analysis

### 1. Introduction

This Management's Discussion and Analysis (the "MD&A") of the financial condition and results of operations of Yocale.AI Inc. (formerly Vivasync Solutions Inc.) ("Yocale.ai" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended May 31, 2026.

The MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes thereto (the "**Interim Financial Statements**") of the Company for the three and nine months ended May 31, 2026, which were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**") using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB"), and the annual audited financial statements for the year ended August 31, 2025, and the notes related thereto (the "**Annual Financial Statements**"), which were in accordance with IFRS.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements below. These forward-looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

These financial statements were approved by the Board of Directors on July 30, 2026. Additional information will be available on SEDAR+.

### 2. Forward-Looking Statements

The Company cautions readers regarding forward-looking statements found in this MD&A and in any other statement made by, or on the behalf of the Company. Statements that are not reported financial results or other historical information are forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "**Forward-looking statements**"). This MD&A includes forward-looking statements regarding the Company and the industries in which the Company operates, including statements about, among other things, expectations, beliefs, plans, future operations of the Company and acquisition opportunities for the Company, business and acquisition strategies, opportunities, objectives, prospects, assumptions, including those related to trends and prospects, and future events and performance. Sentences and phrases containing or modified by words such as "anticipate", "plan", "continue", "estimate", "intend", "expect", "may", "will", "project", "predict", "potential", "targets", "projects", "is designed to", "strategy", "should", "believe", "contemplate" and similar expressions, and the negative of such expressions, are not historical facts and are intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements should not be read as guarantees of future events, future performance or results, and will not necessarily be accurate indicators of the times at, or by which, such events, performance or results will be achieved, if achieved at all. Forward-looking statements are based on information available at the time and/or management's expectations with respect to future events that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The factors described under the heading "*Risks and Uncertainties*", as well as any other cautionary language in this MD&A, provide examples of risks, uncertainties and events that may cause the Company's actual results to differ materially from the expectations it describes in its forward-looking statements. Readers should be aware that the occurrence of the events described in these risk factors and elsewhere in this MD&A could have an adverse effect on, among other things, the Company's business, prospects, operations, results of operations and financial condition.

## 3. Company Overview

The Company was incorporated pursuant to the Business Corporations Act (British Columbia) on July 13, 2021, as M2 Marketing Corp. On February 12, 2025, the Company changed its name to Vivasync Solutions Inc. On July 1, 2025, the Company changed its name to Yocale.AI Inc.

The Company's registered address is located at 2900-550 Burrard Street, Vancouver, British Columbia V6C 0A3 and principal place of business is located at 350-889 Harbourside Drive, North Vancouver, British Columbia V7P 3S1.

On May 7, 2026, the Company's Class A common shares commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "YAI".

The Company's principal business is to operate and develop a vertical scheduling, business management, and payments software platform focused on the beauty and wellness segment. Yocale.AI co-owns its digital platform through an IP Assignment and Co-Ownership Agreement and intends to specifically enhance its capabilities to be used for the beauty and wellness services industry.

The Company's AI-enabled operating system unifies scheduling, CRM, POS, payments, analytics and automation into a single configurable environment designed to streamline operations, client engagement and revenue growth.

**Yocale.AI integrates three core pillars:**

1. Proven business-management foundation – acquired through an IP Co-Ownership Agreement with Yocale Network Corporation ("YNC"), providing the underlying scheduling, CRM, POS and payments infrastructure.

2. Digital-platform and blockchain assets – acquired from Victory Square Technologies Inc. (VST) to enhance data integrity, interoperability and transaction security across beauty-tech ecosystems.

3. Innovative AI Automation layer augmentation of AI powered tools to enhance the platform with intelligent workflow automation, digital assistants and data-driven insights designed to reduce administrative work and help business owners focus more of their time on serving clients.

Together, these elements are intended to form a vertically specialized operating system that automates operations, integrates payments, and applies artificial intelligence to help beauty and wellness businesses scale efficiently and deliver exceptional client experiences.

## 4. Industry Context

The global beauty and wellness technology market is undergoing rapid digitization, driven by increasing consumer demand for online booking, personalized experiences and AI-powered automation.

According to Fortune Business Insights (2026), the global beauty and wellness market was valued at USD 1.86 trillion in 2026 and is projected to reach nearly USD 3.99 trillion by 2034, representing a compound annual growth rate (CAGR) of approximately 9%. Similarly, the Global Wellness Institute (2025) projects continued expansion in digital wellness and beauty technology, supported by rising adoption of AI, mobile payments and data-driven personalization across service industries. This sustained growth underscores the opportunity for specialized technology providers focused on digital transformation within the beauty and wellness sector.

Yocale.AI differentiates itself through its AI-enabled operating system, deep configuration, and embedded payments, which incorporate best practices and are specifically designed for beauty and wellness enterprises.

## 5. Corporate Milestones

- On May 7, 2026, the Yocale.ai Inc. ("Yocale.ai" or the "Company") Class A common shares commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "YAI".
- Completed multiple private placements through Arete Venture Fund (VCC) Corp., providing growth capital.
- Executed the IP Co-Ownership Agreement and Master Services Agreement (MSA) with Yocale Network Corporation (“YNC”) on March 31, 2025.
- Completed the VST digital-asset acquisition on March 31, 2025.
- Entered a $1 million convertible-loan facility with Edgewater Advisory Group Inc. (undrawn as of nine months ended May 31, 2026).
- On March 1, 2026, the Company commenced a platform module licence and access program with YNC.

  Platform Module Licence Program - Product and Commercialization Strategy

  Consistent with the Company's previously disclosed product and commercialization milestones, management assessed the product workflows, commercial-readiness requirements and additional functionality expected to support the launch, customer acquisition and revenue model of its beauty-and-wellness offering. Effective March 1, 2026, the Company commenced a platform module licence and access program with Yocale Network Corporation (“YNC”) under which identified modules from YNC's broader multi-vertical platform are made available to the Company in phases together with long-term rights to use and commercialize those modules within the beauty-and-wellness field.

Management selected this approach because it represented the most economically advantageous, cost-effective and execution-efficient course available to the Company compared with independently assembling and funding equivalent architecture, product management, design, engineering, payments and quality-assurance capabilities. The licensed modules are integrated into the platform the Company already co-owns, allowing the Company to enhance its planned subscription, payment and other commercial offerings for prospective and future customers without duplicating an established broader technology platform. The module groups support previously disclosed priorities including embedded payments, stored value and credits, buy-now-pay-later functionality, payment reconciliation, customer retention, workflow automation and marketplace capabilities.

The program provides for an initial advance of $158,000 plus applicable GST and subsequent advances made from time to time, subject to maximum aggregate consideration of $711,000 plus applicable GST. Advances may be settled individually or through irregular or combined instalments and are applied to the commercial value allocated to applicable program phases and related long-term field-of-use licence rights as the modules are made available to and accepted by the Company. The arrangement is not a recurring monthly fee or minimum commitment, and the Company may discontinue the unperformed portion of the program at any time.

As at May 31, 2026, the first program phase — comprising memberships, recurring packages and commissions; retention automation and buy-now-pay-later functionality; integrated payments; invoicing; and gift-card and stored-value functionality — had been enabled within the platform, tested and demonstrated, supported by available documentation, and made available to the Company for intended use. The second phase, including coupons and promotional functionality and enhanced payment reconciliation, reporting and payout workflows, is targeted for completion within a window from August 31 to September 30, 2026, depending on delivery progress. Any optional third phase will consist only of additional modules elected by the Company from functionality YNC makes available from its independently managed broader platform roadmap, with scope, timing and consideration documented separately.

## 6. Results of Operations

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | $ | $ | $ | $ |
| **Operating expenses** | | | | |
| Amortization | 367,149 | 125,383 | 1,089,474 | 125,383 |
| Professional fees | 429,553 | - | 850,315 | 1,312 |
| Salaries and wages | 73,967 | 28,543 | 262,270 | 28,543 |
| General & administrative expense | 83,522 | 17,599 | 177,502 | 17,622 |
| Share-based compensation | 47,488 | 28,168 | 225,194 | 28,168 |
| **Total operating expenses** | **(1,001,679)** | **(199,693)** | **(2,604,755)** | **(201,028)** |
| **Other items** | | | | |
| Dividend income | 12,944 | 6,627 | 53,830 | 6,627 |
| Interest income | 4,529 | 4,099 | 9,339 | 4,099 |
| Accretion expense | (80,273) | (94,673) | (251,028) | (94,673) |
| Acquisition of VST blockchain technology | - | (822,000) | - | (822,000) |
| Loss on modification of deferred consideration payable | - | - | (105,392) | - |
| **Total other items** | **(62,800)** | **(905,947)** | **(293,251)** | **(905,947)** |
| **Loss and comprehensive loss** | **(1,064,479)** | **(1,105,640)** | **(2,898,006)** | **(1,106,975)** |

**Three months ended May 31, 2026 and 2025**

The Company has not generated any revenue from its core operations during the period. Net loss and comprehensive loss for the three months ended May 31, 2026 was $1,064,479 compared to $1,105,640 in the comparable period. The decrease in net loss of $41,161 during the three months ended May 31, 2026, was primarily attributable to the following:

Operating Expenses

Operating expenses increased by $801,986 for the three months ended May 31, 2026, primarily due to increased business activity during the current period. Key components of operating expenses included:

- Amortization of intellectual property rights of $367,149, compared to $125,383 in the prior year period since intellectual property was acquired later in Q3 2025.
- Professional fees of $429,553, mainly related to legal and audit services associated with the Company's prospectus filing and CSE listing, compared to $Nil legal and audit activity during prior year period.
- Salaries and wages of $73,967, compared to $28,543 in the prior year period, reflecting increased personnel to support business operations in the current period.
- General and administrative expenses of $83,522, primarily consisting of computer-related costs, including hardware and software upgrades, compared to $17,599 in the prior year period, reflecting increased activity to support business operations in the current period.
- Share-based compensation of $47,488, related to the vesting of warrants, stock options, and RSUs granted to the CEO and advisors, compared to $28,168 related to the vesting of warrants in the prior year period.

Other Income and Expenses

Expenses from other items exceeded related income by $62,800 for the three months ended May 31, 2026 and $905,947 for the three months ended May 31, 2025, primarily because income generated from these items was insufficient to offset associated expenses. Key components included:

- Accretion expense of $80,273, compared to $94,673 in the prior year period, related to deferred consideration payments arising from the Intellectual property assignment and co-ownership agreement with YNC.
- Acquisition of VST blockchain technology of $822,000 during prior year end.

**Nine months ended May 31, 2026 and 2025**

The Company has not generated any revenue from its core operations during the period. Net loss and comprehensive loss for the nine months ended May 31, 2026 was $2,898,006 compared to $1,106,975 in the comparable period. The increase in net loss of $1,791,031 during the nine months ending May 31, 2026, was primarily attributable to the following:

Operating Expenses

Operating expenses increased by $2,403,727 for the nine months ended May 31, 2026, primarily due to increased business activity during the current period. Key components of operating expenses included:

- Amortization of intellectual property rights of $1,089,474, compared to $125,383 in the prior year period, since intellectual property was acquired later in Q3 2025.
- Professional fees of $850,315, mainly related to legal and audit services associated with the Company's prospectus filing and CSE listing, compared to $1,312 legal and audit activity during prior year period.
- Salaries and wages of $262,270, compared to $28,543 in the prior year period reflecting increased personnel to support business operations.
- General and administrative expenses of $177,502, primarily consisting of computer-related costs, including hardware and software upgrades, compared to $17,622 in the prior year period, reflecting increased activity to support business operations in the current period.
- Share-based compensation of $225,194, related to the vesting of warrants, stock options and RSUs granted to the CEO and advisors under the Company's equity incentive plans, compared to $28,168 related to the vesting of warrants in the prior year period.

Other Income and Expenses

Expenses from other items exceeded related income by $293,251 for the nine months ended May 31, 2026, and $905,947 for the nine months ended May 31, 2025, primarily because income generated from these items was insufficient to offset associated expenses. Key components included:

- Accretion expense of $251,028, compared to $94,673 in the prior year period, related to deferred consideration payments arising from the Intellectual property assignment and co-ownership agreement with YNC.
- Loss on modification of deferred consideration payable of $105,392 arising from the November 30, 2025 amendment of YNC payment schedule Q1 2026.
- Dividend income from short-term investments of $53,830, compared to $6,627 in the prior year period.
- Acquisition of VST blockchain technology of $822,000 during prior year end.

## 7. Summary of Quarterly Results

The following table sets forth selected quarterly information of the Company for each of the last eight quarters:

| Three months ended | Q3 2026 | Q2 2026 | Q1 2026 | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 |
|---|---|---|---|---|---|---|---|---|
| Net loss and comprehensive loss | $ (1,064,479) | $ (887,480) | $ (946,047) | $ (905,674) | $ (1,105,640) | $ (23) | $ (1,312) | $ (945) |
| Income (loss) per share - basic and diluted | $ (0.02) | $ (0.02) | $ (0.02) | $ (0.02) | $ (0.03) | $ (0.00) | $ (0.00) | $ (0.00) |
| Weighted average number of shares - outstanding | 60,572,065 | 57,713,722 | 53,737,500 | 52,133,152 | 41,146,467 | 9,747,253 | 5,000,000 | 3,695,652 |

Net loss for the three months ended May 31, 2026 was $1,064,479, reflecting continued increase in business activity driven by the Company's listing to the CSE. Operating costs were higher during this quarter, driven by higher professional fees, salaries and advertising and marketing expenses and share-based compensation.

Net loss for the three months ended February 28, 2026 was $887,480, lower than the prior quarter due to higher accretion expenses and loss recorded related to the modification of deferred consideration payable in previous quarter.

Net loss for the three months ended November 30, 2025 was $946,047 mainly due to higher amortization, professional fees, and accretion charges. During this quarter, the Company also recognized a $105,392 loss related to the modification of deferred consideration payable.

Net loss for the three months ended August 31, 2025 was $905,674, lower than the prior quarter as the non-recurring VST charge did not repeat. This decrease was partially offset by the first full quarter of IP amortization and increased operating expenses.

Net loss for the three months ended May 31, 2025 was $1,105,640, primarily due to two non-recurring acquisition-related charges. These included $822,000 associated with the acquisition of blockchain technology from VST, which did not meet the recognition criteria for intangible assets under IAS 38 and was therefore expensed directly to the statement of loss and comprehensive loss.

Net losses for the three months ended August 31, 2024 of $945, November 30, 2024 of $1,312, and February 28, 2025 of $23 were nominal, reflecting only incidental general administrative costs during the Company's early operating stage.

## 8. Liquidity and Capital Resources

The Company manages liquidity risk by seeking to maintain sufficient capital to meet its working capital requirements, operating expenses and financial obligations as they become due. Historically, the Company has financed its operations primarily through equity financings and, to a lesser extent, debt arrangements.

The Company's ability to continue its development and commercialization activities will depend on management's ability to secure additional financing on reasonable terms and ultimately generate positive operating cash flow. Management regularly reviews the Company's cash position and capital requirements and expects that additional financing will be required to support future growth and commercialization initiatives.

The Company's business involves a high degree of risk, and there can be no assurance that its platform development, product initiatives or commercialization efforts will be successful, or that the time required to achieve meaningful operating results may be longer than anticipated. In addition, there can be no assurance that additional financing will be available when required or, if available, that it will be obtained on terms acceptable to the Company.

At May 31, 2026, the Company had current assets in excess of current liabilities of $1,368,022 (August 31, 2025 - $1,490,645) and has no sources of cash from operations. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of its creditors and the shareholders. There can be no assurance that funding from this or other sources will be sufficient in the future to continue its operations. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company.

On May 4, 2026, the Company issued 1,740,000 common shares at a price of $0.25 per common share pursuant to a private placement for gross proceeds of $435,000.

On April 9, 2026, the Company issued 260,000 common shares at a price of $0.25 per common share pursuant to a private placement for gross proceeds of $65,000.

On January 2, 2026, the Company issued 6,170,000 common shares at a price of $0.25 per common share pursuant to a private placement for gross proceeds of $1,542,500.

On December 31, 2024, the Company entered into a convertible loan agreement with Edgewater Advisory Group Inc. ("Edgewater"), whereby Edgewater agreed to make available to the Company, upon written demand, a standby convertible loan facility of up to $1,000,000. The Availability Period is defined as the period commencing on the effective date (December 31, 2024) and ending on the earlier of:

(a) twenty-four (24) months following the effective date (December 31, 2026); and

(b) twelve (12) months following the closing of a listing transaction, pursuant to which the Company's common shares become listed for trading on a recognized Canadian stock exchange.

Amounts advanced under the convertible loan facility shall bear interest at eight percent (8%) per annum, calculated annually and not in advance, until repayment or conversion.

The outstanding principal and accrued interest under the convertible loan facility shall be convertible, at the option of Edgewater, into common shares of the Company as follows:

(a) If drawn within six (6) months of the listing transaction closing, at a price per share equal to the listing price; and

(b) If drawn thereafter, at a price per share equal to the greater of:
(i)The listing price; and

(ii)Seventy-five percent (75%) of the VWAP (20-day volume-weighted average price of the Company's common shares on the exchange on which such shares are listed, calculated as of the trading day immediately preceding the applicable drawdown).

As of May 31, 2026, the Company has not drawn down on the convertible loan facility.

**Cash Flow Highlights**

The table below summarizes the Company's cash flows for the nine months ended May 31, 2026 and 2025:

| | Nine months ended May 31, 2026 | Nine months ended May 31, 2025 |
|---|---|---|
| | $ | $ |
| Net cash used in operating activities | (1,286,585) | (206,965) |
| Net cash used in investing activities | (632,465) | (2,032,160) |
| Net cash provided by financing activities | 2,042,500 | 3,131,500 |
| **Increase (decrease)** | **123,450** | **892,375** |

Cash balance was $724,915 as at May 31, 2026 (August 31, 2025 – $601,465). During the current period, the cash increase is mainly due to the Company's financing activities partially offset by cash used in operating activities.

During the nine months ended May 31, 2026, the Company reported a net increase in cash of $123,450, compared to an increase of $892,375 during the corresponding period ended May 31, 2025, primarily as a result of lower cash used in investing activities compared to the prior year period

During the nine months ended May 31, 2026, cash used in operating activities totalled $1,286,585 compared to cash used in operating activities of $206,965 during the nine months ended May 31, 2025. The higher cash outflows in the current period relate to professional fees, advertising and salaries and wages.

Cash used in investing activities during the nine months ended May 31, 2026, was $632,465 compared to $2,032,160 in the prior year period. The current period reflects higher payments for the IP rights, partially offset by the proceeds received from the disposal of an investment. The cash used in investing activities in the prior year was mainly attributable to the purchase of an investment.

Cash provided by financing activities during the nine months ended May 31, 2026, was $2,042,500 compared to cash inflow by financing activities of $3,131,500 with both periods reflecting the financing raised by the Company.

## 9. Major Transactions

### (a) Acquisition of Intellectual Property – Yocale Network Corporation

On March 31, 2025, the Company entered into an Intellectual Property Assignment and Co-Ownership Agreement with YNC pursuant to which the Company acquired an undivided co-ownership interest in certain intellectual property assets. These assets include proprietary software code and related intellectual property, together with certain trademarks, domain names and logos associated with the platform. These intellectual property assets form the technological foundation of the Company's digital platform and support the Company's principal business operations.

In accordance with IFRS 3 – Business Combinations, the Company concluded that the assets acquired from YNC did not meet the definition of a business. Accordingly, the transaction has been accounted for as an asset acquisition, measured under IFRS 2 – Share-based Payment.

Pursuant to the terms of the agreement, the Company issued an aggregate of 22,000,000 common shares of the Company to YNC and agreed to pay a monthly amount of $140,000 in deferred consideration over a period of 40 months beginning on April 1, 2025, for an aggregate amount of $5,600,000 in cash. The fair value of consideration transferred, consisting of the fair value of common shares issued ($4,400,000) and the present value of deferred consideration ($4,207,578), totaled $8,607,578. This amount was allocated to intangible assets acquired. Additionally, transaction costs of $132,161 were incurred in connection with the acquisition and were capitalized to the intangible assets.

The deferred cash consideration was discounted using a market interest rate of 11% based upon the Company's estimated credit rating.

Prior to closing of the acquisition, it is noted that:

- The Company and YNC had certain mutual shareholders.
- Certain members of key management of YNC were minority shareholders in both the Company and YNC.
- An entity holding a 51% ownership interest in the Company had certain members of key management who were also members of key management of YNC.

The identified relationships did not constitute the parties being related in accordance with IAS 24 – Related Party Disclosures and thus the acquisition is not deemed a related party transaction.

During the nine months ended, May 31, 2026, the Company revised the estimated future cash outflows related to its deferred consideration payable to YNC.

The Company assessed the modification in accordance with IFRS 9 and concluded that the changes did not result in derecognition of the financial liability, as the modification was not considered substantial. Accordingly, the Company recalculated the gross carrying amount of the liability by discounting the modified contractual cash flows using the original effective interest rate.

As a result of this reassessment, the Company recognized a loss on debt modification of $105,392 in the Condensed Interim Statements of Loss and Comprehensive loss during the nine months ended May 31, 2026. The loss is presented within other items as "Loss on Modification of deferred consideration payable".

Following the modification, the carrying amount of the liability was adjusted.

Reconciliation of the deferred consideration payable:

| | May 31, 2026 | August 31, 2025 |
|---|---|---|
| | $ | $ |
| **Balance, August 31, 2025** | 3,014,008 | - |
| Additions | - | 4,207,578 |
| Loss on modification | 105,392 | - |
| Repayments | (980,000) | (1,400,000) |
| Accretion expense | 251,028 | 206,430 |
| **Balance, May 31, 2026** | **2,390,428** | **3,014,008** |
| | | |
| Current portion | - | 41,795 |
| Non-current portion | 2,390,428 | 2,972,213 |
| **Total** | **2,390,428** | **3,014,008** |

**(b) Acquisition of Blockchain Assets – Victory Square Technologies Inc.**

On March 31, 2025, the Company completed the acquisition of certain blockchain assets for integration with the Company's digital platform from Victory Square Technologies Inc. ("VST") pursuant to an Asset Purchase Agreement.

In accordance with IFRS 3 – Business Combinations, the Company concluded that the blockchain technology acquired from VST did not meet the definition of a business. The acquisition was recorded in the statements of loss and comprehensive loss as the acquired blockchain technology did not meet the intangible asset recognition criteria in accordance with IAS 38 – Intangible Assets, which required judgment specifically in assessing whether the acquired blockchain technology would provide probable future economic benefits to the entity.

As consideration, the Company issued 4,000,000 common shares of the Company to VST, with a fair value of $800,000. This amount was recorded in the statements of loss and comprehensive loss. Additionally, transaction costs of $22,000 were incurred in connection with the acquisition and were recorded in the statements of loss and comprehensive loss.

**(c) Arete Venture Fund (VCC) Corp.**

On January 2, 2026, the Company issued 6,170,000 common shares at a price of $0.25 per common share pursuant to a private placement for gross proceeds of $1,542,500.

On April 9, 2026, the Company issued 260,000 common shares at a price of $0.25 per common share pursuant to a private placement during the nine months period ended May 31, 2026, for gross proceeds of $65,000.

On May 4, 2026, the Company issued 1,740,000 common shares at a price of $0.25 per common share pursuant to a private placement during the nine months period ended May 31, 2026, for gross proceeds of $435,000.

## 10. Use of Proceeds

The Company has historically financed its operations primarily through equity financings completed on a private placement basis and did not raise any proceeds by way of a prospectus offering during the period ended May 31, 2026. The proceeds of the private placements completed during, and prior to, the period ended May 31, 2026, were designated for investment, strategic growth opportunities, working capital and general corporate purposes. In accordance with Item 1.4 of Form 51-102F1, the following table compares the intended use of proceeds previously disclosed by the Company for each such financing with the actual use of those proceeds for the period ended, May 31, 2026:

| Financing | Intended Use of Proceeds | Actual Use of Proceeds | Variance |
|---|---|---|---|
| January 2, 2026 - $1,542,500 | For investment, strategic growth opportunies, working capital and general corporate purposes. | - | - |
| April 9, 2026 - $65,000 | For investment, strategic growth opportunies, working capital and general corporate purposes. | - | - |
| May 4, 2026 - $435,000 | For investment, strategic growth opportunies, working capital and general corporate purposes. | - | - |
| July 10, 2026 - $1,735,606 | For investment, strategic growth opportunies, working capital and general corporate purposes. | - | - |

The May 2026 financing was completed shortly before the period ended May 31, 2026 and as the financing closed near the period end, the proceeds had not been materially used as of May 31, 2026.

The July 2026 financing occurred subsequent to the May 31, 2026 reporting period and therefore did not impact on the Company’s working capital at the reporting date. The proceeds are expected to support the Company’s planned platform innovation and product development, pursue of strategic growth opportunities, and near-term working capital requirements.

## 11. Commitments, Contingencies and Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at May 31, 2026, and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Commitments consist primarily of obligations under the Master Services Agreement (“MSA”) with Yocale Network and ordinary-course agreements for cloud hosting, messaging, and professional services.

## 12. Transactions with Related Parties

Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and members of its Board of Directors.

### Transactions

During the three and nine months ended May 31, 2026, key management personnel compensation has been included as an expense under professional fees of condensed interim statements of loss and comprehensive loss for $408,765 and $582,029, respectively (three and nine months ended May 31, 2025 - $Nil).

For the three and nine months ended May 31, 2026, the Company recorded share-based compensation expense of $14,205 and $77,978, respectively (three and nine months ended May 31, 2025 - $Nil), for Aydin Asli, Chief Executive Officer. In addition, for the three and nine months ended May 31, 2026, the Company recorded share-based compensation expense of $10,254 and $40,733, respectively (three and nine months ended May 31, 2025 - $Nil), for Howard Blank, Board & Advisor.

As a result of the 22,000,000 consideration shares issued upon closing of the acquisition, YNC acquired a 43% ownership interest in the Company. As of May 31, 2026, YNC's ownership interest in the Company was diluted down to 36%.

Concurrently upon close of the acquisition, Yocale.AI entered into a Master Services Agreement with YNC. Under this arrangement, YNC provides hosting, office and administrative support and access to third-party tools and services to Yocale.AI for a fixed monthly fee of $15,000.

During the three and nine months ended May 31, 2026, the Company incurred expenses totaling $45,000 and $135,000 respectively (three and nine months ended May 31, 2025 – $Nil and $30,000, respectively), in relation to the Master Services Agreement, included in the condensed interim statements of loss and comprehensive loss. In addition, included in prepaid expenses and deposits is $Nil as of May 31, 2026 (August 31, 2025 – $60,000) related to advance payments towards the Master Services Agreement.

During the nine months ended, May 31, 2026, the Company engaged YNC for the platform module licence and access program. The program provides for an initial advance of $158,000 plus applicable GST and subsequent advances made from time to time, subject to maximum aggregate consideration of $711,000 plus applicable GST. The advances are allocated to identified program phases and related long-term field-of-use licence rights as the applicable modules are made available to and accepted by the Company. The Company may discontinue the unperformed portion of the program at any time. During the nine months ended May 31, 2026, the Company made payments of $395,000, including initial advance of $158,000, in connection with the program.

### Balances

As at May 31, 2026, the Company owed total deferred consideration payable to YNC of $2,390,428 (August 31, 2025 – $3,014,008)

Included in accounts payable and accrued liabilities are amounts owing to a company controlled by Sheri Rempel, Chief Financial Officer, relating to consulting and accounting services provided during the period ending May 31, 2026 for $8,750 (August 31, 2025 – $Nil).

## 13. Management of Capital Risk

The Company's objectives when managing capital are to maintain adequate levels of funding to support its on-going activities and to maintain corporate and administrative functions necessary to support operational activities, so that it can provide returns to shareholders and benefits to other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended May 31, 2026 and year ended August 31, 2025.

## 14. Critical Accounting Estimates

The preparation of the Annual Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are based on historical experience, and other factors considered to be reasonable and are reviewed on an ongoing basis. Actual results may differ from these estimates.

**Significant areas include:**

**Useful lives of intangible assets:** Estimated at 6 years (IP), based on expected technological and commercial relevance.

**Discount rate for deferred consideration:** 11%, reflecting market borrowing rates for comparable early-stage technology companies.

**Valuation of warrants:** Calculated using the Black-Scholes model with assumptions regarding volatility, risk-free rate and expected life.

**Going-concern assessment:** Based on projected cash flows, capital-raising plans and the availability of external funding.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized when the estimates are revised and in any future periods affected.

## 15. New Accounting Pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's condensed interim financial statements.

## 16. Strategy and Outlook

For FY 2026 management plans to:

1. Commercialize its AI automation suite
2. Launch memberships, packages, gift cards, and coupons;
3. Expand Yocale Pay (card-present and card-not-present);
4. Scale regional partnerships on a milestone basis; and
5. Strengthening internal controls for public compliance

## 17. Financial Instruments

As at May 31, 2026, the Company's financial instruments consist of cash which is measured at FVTPL and accounts payable and accrued liabilities and deferred consideration payable which were measured at amortized cost. The carrying amounts of cash and accounts payable approximate fair value due to their immediate or short-term maturity. The carrying values of deferred consideration payable was measured at the effective interest rate which approximate fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs for the asset or liability that are not based on observable market data.

During the year, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

Cash was measured using Level 1 inputs.

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

## 18. Risks and Uncertainties

The Company's business is subject to risks and uncertainties that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects and cash flows and the future trading price of the common shares.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is primarily attributed to cash and cash equivalents. As at May 31, 2026, the balance of cash held on deposit was $724,915 (August 31, 2025 - $601,465). The Company has assessed the credit risk on its cash as low as its funds are held in large Canadian financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The terms of the deferred consideration payable is payable monthly starting September 2027 over a period of 23 months. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

As of May 31, 2026, the Company's contractual obligations consist of:

| | Total | <1 year | 1 - 3 years | 3 – 5 years |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Accounts payable and accrued liabilities | 545,679 | 545,679 | - | - |
| Deferred consideration payable | 3,156,885 | - | 2,940,000 | 216,885 |
| | **3,702,564** | **545,679** | **2,940,000** | **216,885** |

(c) Market Risk

Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, interest rate risk, and foreign currency risk.

i. Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in equity prices or market prices (other than those arising from interest rate). The short-term investments held by the Company are subject to normal fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Company are equivalent to the fair value of the financial instruments. Management moderates this risk by employing experienced management who closely monitor individual equity movements and the stock market, and investment activities of the Company on a regular basis.

ii. Interest rate risk
Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash and cash equivalents balances. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance with its cash management policy. Management believes interest rate risk to be minimal.

iii. Foreign currency risk
The Company is not exposed to any significant foreign exchange risk.

The Company is also subject to a variety of risks typical for early-stage technology ventures:

**Early-Stage and Going-Concern Risk:** The Company has incurred losses since inception and will require additional financing to achieve profitability.

**Execution and Operational Risk:** Success depends on the timely rollout of AI capabilities, stable platform performance and retention of skilled technical personnel.

**Competitive Risk:** The beauty-tech market includes well-funded incumbents such as Vagaro, Fresha and Mindbody. Sustained differentiation through AI innovation and superior user experience is critical.

**Regulatory and Compliance Risk:** The Company must comply with data-protection laws (PIPEDA, GDPR), payment-card security standards (PCI DSS) and communication regulations (A2P SMS).

**Technology and Cybersecurity Risk:** Breaches, downtime, or data loss could harm reputation and financial performance.

**Partner Risk:** Reliance on third-party infrastructure providers (e.g., Stripe, Twilio, cloud vendors) and key strategic relationships introduces dependency risk.

**Dilution and Market Risk:** Future financings and market volatility could dilute existing shareholders and affect the Company’s market capitalization post-listing.

Management continuously monitors these risks and implements mitigation strategies, including insurance coverage, redundancy systems, legal compliance frameworks, and diversified funding sources.

## 19. Disclosure Controls and ICFR

Management is formalizing policies and testing internal controls over financial reporting to meet public-company standards in FY 2026.

**20. Summary of Outstanding Share Data**

As at May 31, 2026, the Company had the following issued and outstanding securities:

| Description of securities | Number of securities |
|---|---|
| Issued and outstanding common shares | 61,907,500 |
| Warrants | 3,625,699 |
| Options | 700,000 |
| RSUs | 1,100,000 |
| | **67,333,199** |

As at the date of this MD&A, the Company had the following issued and outstanding securities:

| Description of securities | Number of securities |
|---|---|
| Issued and outstanding common shares | 65,523,346 |
| Warrants | 7,324,680 |
| Options | 700,000 |
| RSUs | 1,100,000 |
| | **74,648,026** |

**21. Proposed Transactions**

None during the period ended May 31, 2026.

**22. Management Changes**

On June 3, 2026, the company appointed Marija Radulovic-Nastic, former Chief Technology Officer of Electronic Arts, to its Advisory Board as Data and Intelligence Advisor.

**23. Subsequent event**

On July 10, 2026, the Company completed a non-brokered private placement, raising $1,735,606 through the issuance of 3,615,846 units at $0.48 per unit. Each unit consisted of one Class A common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional Share at an exercise price of $0.85 per Share for a period of thirty months from the closing date and is subject to an acceleration provision in accordance with its terms.

In connection with the non-brokered private placement, the Company paid aggregate cash finder's fees of approximately $76,202 and issued 83,135 non-transferable finder's warrants to eligible finders. Each finder's warrant entitles the holder to acquire one Share at an exercise price of $0.85 per Share for a period of 30 months from the closing date, subject to acceleration of the expiry date.