SPARQ SYSTEMS INC.

Management's Discussion and Analysis

For the three months ended March 31, 2026

Dated May 26, 2026

Management's Discussion and Analysis

This Management's Discussion and Analysis ("**MD&A**") has been prepared by management of Sparq Systems Inc. (the "**Company**") and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2026 and 2025 (the "**Interim Financial Statements**") and the audited consolidated financial statements and notes thereto for the years ended December 31, 2025 and December 31, 2024 (collectively, the "**Financial Statements**"). The Financial Statements have been prepared using International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. All amounts are in Canadian dollars unless otherwise specified. The Financial Statements may be found under the Company's SEDAR+ profile at www.sedarplus.ca.

This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position and outlook. Management is responsible for the accuracy, integrity, and objectivity of the MD&A, and develops, maintains and supports the necessary systems and controls to provide reasonable assurance as to the accuracy of the comments contained herein.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports prior to filing.

Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements". All statements other than statements of historical fact contained in this MD&A are forward-looking statements. Such statements can, in some cases, be identified by the use of forward-looking terminology such as"expect," "likely", "may," "will," "should," "intend," or "anticipate," "potential," "proposed," "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. The forward-looking statements included in this MD&A are made only as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by applicable securities laws.

Forward-looking statements in this MD&A are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes.

Factors which could cause the actual results to differ materially from current expectations include but are not limited to:

- key contract risk;
- if demand for solar energy solutions does not grow or grows at a slower rate than anticipated, the Company's business will suffer;
- the rapidly changing solar industry makes it difficult to evaluate the Company's current business and future prospects;
- an increase in interest rates or tightening of the supply of capital in the global financial markets could make it difficult for end-users to finance the cost of a solar photovoltaic ("**PV**") system and could reduce the demand for smart energy products and thus demand for the Company's products;
- defects or performance problems in our products could result in loss of customers, reputational damage, and reduced revenue, and the Company may face warranty, indemnity, and product

liability claims arising from defective products;

- the Company depends on sole-source and limited-source suppliers for key components and products. If the Company is unable to source these components and products on a timely basis, the Company will not be able to deliver its products to customers;
- the Company currently depends upon one outside contract manufacturer, and business and operations could be disrupted if the Company encounters problems with this contract manufacturer;
- if the Company or its contract manufacturer(s) are unable to obtain raw materials in a timely manner or if the price of raw materials increases significantly, production time and product costs could increase, which may adversely affect the Company's business;
- manufacturing problems could result in delays in product shipments, which would adversely affect the Company's revenue, competitive position and reputation;
- the Company relies primarily on distributors, installers and providers of solar financing to assist in selling products to customers, and the failure of these customers to perform at the expected level, or at all, would have an adverse effect on the Company's business, financial condition and results of operations;
- mergers in the solar industry among the Company's current or potential customers may adversely affect its competitive position;
- the solar industry is highly competitive, and the Company expects to face increased competition as new and existing competitors introduce products or develop alternative technologies, which could negatively impact its business, financial condition and results of operations;
- the Company's microinverter products may not achieve broader market acceptance, which would prevent the Company from increasing its revenue and market share;
- the Company's recent and planned expansion into existing and new markets could subject it to additional business, financial and competitive risks;
- the Company may fail to capture customers in the new product and geographic markets that the Company is pursuing;
- if the Company fails to retain key personnel or if the Company fails to attract additional qualified personnel, the Company may not be able to achieve its anticipated level of growth and its business could suffer;
- any failure by management to properly manage growth could have a material adverse effect on its business, operating results, and financial condition;
- use of social media may materially and adversely affect the Company's reputation or subject it to fines or other penalties;
- the Company is subject to insurance-related risks;
- credit risk;
- liquidity risk;
- foreign currency risk;
- conflicts of interest;
- if the Company fails to protect or incur significant costs in defending its intellectual property and other proprietary rights, the Company's business and results of operations could be materially harmed;
- third parties may assert that the Company is infringing upon their intellectual property rights, which could divert management's attention, cause the Company to incur significant costs and prevent it from selling or using the technology to which such rights relate;
- the Company's failure to obtain the right to use necessary third-party intellectual property rights on reasonable terms, or the Company's failure to maintain, and comply with the terms and conditions applicable to these rights, could harm the Company's business and prospects;
- the Company may not be able to protect and enforce its trademarks and trade names, or build name recognition in our markets of interest thereby harming its competitive position;
- obtaining and maintaining patent protection depends on compliance with various required procedures, document submissions, fee payments and other requirements imposed by governmental patent agencies, and the Company's patent protection could be reduced or eliminated for non-compliance with these requirements;
- patent terms may be inadequate to protect the Company's competitive position on its products for an adequate amount of time;

- the Company relies on trade secrets;
- changes in laws and regulations;
- the imposition of tariffs;
- the Company's anticipated international sales subject us to additional risks that could adversely affect its business, results of operations and financial condition;
- the Company may be involved in legal proceedings from time to time and, while management cannot predict the outcomes of such proceedings and other contingencies with certainty, some of these outcomes could adversely affect the Company's business and financial condition;
- insufficiency of capital resources;
- the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications could reduce demand for solar PV systems and harm the Company's business;
- the Company's gross profit may fluctuate over time, which could impair the Company's ability to achieve or maintain profitability;
- the Company may be under pressure to reduce the prices of its products, which may adversely affect the Company's gross margins;
- a drop in the retail price of electricity derived from the utility grid or from alternative energy sources, or a change in utility pricing structures, may harm the Company's business, financial condition and results of operations;
- if the Company does not forecast demand for its products accurately, the Company may experience product shortages, delays in product shipment, excess product inventory, difficulties in planning expenses or disputes with suppliers, any of which will adversely affect the Company's business and financial condition;
- parties with whom the Company does business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to the Company;
- natural disasters, public health events, significant disruptions of information technology systems, data security breaches, or other catastrophic events could adversely affect the Company's operations;
- general global economic conditions;
- international conflict;
- inflation;
- access to capital;
- estimates or judgments relating to critical accounting policies;
- quarterly performance variation;
- market for the common shares;
- no history of payment of cash dividends;
- analyst coverage; and
- tax issues.

Please refer to the Company's annual information form dated April 29, 2026 (the "**AIF**") for a detailed description of the risk factors associated with the Company. A copy of the AIF is filed on SEDAR+ and may be viewed under the Company's profile at www.sedarplus.ca.

Description of the Company's Business

Sparq Systems Inc. (the "**Company**") was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2018. The address of the Company's registered and head office is 945 Princess Street, Box 212, Kingston, Ontario K7L 0E9. The common shares are listed for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "SPRQ". The common shares are also quoted for trading on the OTCQB under the symbol "SPRQF" and on the Frankfurt Stock Exchange under the symbol "M26".

The Company designs and manufactures next generation single-phase microinverters for residential and commercial solar electric applications. The Company has developed a proprietary PV solution called the Quad; the Quad inverter optimizes four PV modules with a single microinverter, simplifying design and installation, and lowering cost for solar power installations when compared to existing market offerings.

Highlights of the three months ended March 31, 2026 and to the date of this MD&A

- On May 26, 2026, the Company announced that it received a purchase order to supply $32 million of its Q2000 Quad Microinverters for deployment in the Indian market. This purchase order expands the previously announced order for Q2000 Quad Microinverters disclosed on March 11, 2026.

- On March 11, 2026, the Company announced that it received confirmation of a purchase order for 30,000 units of its Q2000 Quad Microinverters, representing approximately 60 megawatts, for deployment in the Indian market. The purchase order represents a recurring order under the Company's manufacturing and supply agreement dated February 7, 2024 (the "**Jio Supply Agreement**") with Jio Things Limited. The purchase order reflects continued growth in international markets and increasing adoption of the Company's microinverter technology, which is designed to reduce hardware complexity, improve reliability, and optimize energy harvesting under varying operating conditions.

- On February 2, 2026, the Company announced that it entered into a consulting agreement with Blaze Capital (the "**Consultant**") to provide corporate communications and investor relations services. The services include initiating and maintaining contact with the financial community, shareholders, investors and other stakeholders to increase awareness of the Company and its activities. The agreement has a term of 12 months and a total value of US$50,000, payable on a monthly basis. The Consultant is an arm's length party to the Company.

- On January 5, 2026, the Company announced that its Chief Executive Officer, Dr. Praveen Jain, has been named as an Officer of the Order of Canada by the Governor General of Canada, the nation's highest civilian honour. The citation for Dr. Jain's appointment as an Officer of the Order of Canada noted he is a leading inventor in electrical energy processing which has advanced efficient power generation, transmission and use through electronics and that he has shaped the field while mentoring more than 100 trainees, earning recognition as an outstanding educator and innovator.

Results of Operations

For the three months ended March 31, 2026, the Company incurred a net loss of $819,256, compared to a net loss of $1,070,598 for the three months ended March 31, 2025. The details of the net loss and net comprehensive loss are described below.

Revenue

For the three months ended March 31, 2026, the Company generated revenue of $252,651, compared to $nil in the three months ended March 31, 2025. Revenue recognized in the current quarter relates to recurring orders for microinverters delivered under the Jio Supply Agreement. The increase relative to the prior comparative period is primarily attributable to the completion of commissioning and optimisation of the Company's contract manufacturing facility in India in Q4 2025, which enabled the Company to commence full-scale fulfilment under the Jio Supply Agreement. The facility is now fully operational.

Management expects revenue to continue to be driven by orders under the Jio Supply Agreement; however, the timing and magnitude of future orders may vary and could result in volatility in quarterly results. Gross margins are expected to improve over time as production volumes increase and manufacturing efficiencies are realized, although there can be no assurance as to the timing or extent of such improvements.

Cost of Finished Goods Sold

Cost of finished goods sold (excluding inventory write-downs) for the three months ended March 31, 2026 was $231,650, compared to $nil in the three months ended March 31, 2025. The increase is consistent with the recognition of revenue in the current period, as the Company fulfilled orders for microinverters under the Jio Supply Agreement following the completion of commissioning activities at its contract manufacturing facility in India in Q4 2025.

There were no inventory write-downs recorded in the three months ended March 31, 2026. In the three months ended March 31, 2025, the Company recorded an impairment of $11,926 relating to finished goods inventory not expected to be sold.

Gross margin for the three months ended March 31, 2026 was $21,001, or approximately 8.3%, reflecting the early stage of scaled commercial production. Margins remained modest as the Company continues to operate below optimal production volumes, with per-unit costs expected to decrease as manufacturing efficiencies are realized.

The Company's future performance is dependent on its ability to continue scaling production, manage working capital requirements and secure additional financing as required. These factors are discussed further under "Liquidity and Capital Resources".

To date, inflation has not had a material impact on the Company's operations, although increases in component and logistics costs may affect future margins.

Operating Expenses

For the three months ended March 31, 2026 and 2025, total operating expenses are detailed as follows:

Expenses		**2026**	**2025**
		$	**$**
Research and development	(i)	362,033	339,800
Sales and marketing	(ii)	9,016	39,708
General and administration	(iii)	585,627	580,690
Depreciation of property and equipment	(iv)	74,106	73,853
Stock-based compensation	(v)	34,168	9,879
		1,064,950	1,043,930

(i) Research and development costs include expenses such as building prototypes, certification, testing, project personnel salaries, and consulting fees. For the three months ended March 31, 2026, research and development costs increased by $22,233. This increase was primarily attributable to additional R&D personnel and testing, which were offset by a reduction in patent-related professional fees, lab supplies, materials and certifications, as detailed below.

A breakdown of research and development costs for the three months ended March 31, 2026 and 2025, along with the respective variances, are as follows:

	2026	2025	Variance
Personnel	$317,067	$267,276	$49,791
Professional fees	19,820	36,231	(16,411)
Beta Testing	17,398	3,532	13,866
Lab Supplies and Materials	7,748	17,361	(9,613)
Certification and Safety Testing	-	15,400	(15,400)
	362,033	$339,800	$22,233

(ii) Sales and marketing expenses include costs related to capital markets support, investor relations, and the development of marketing materials. The decrease of $30,692 was primarily attributable to the absence of sales consultant fees and trade show participation costs in the current period, both of which were incurred in the comparative period. These reductions reflect the Company's focus on managing discretionary spending as it scales its manufacturing operations.

(iii) General and administration expenses are the costs incurred by the Company that are not directly related to the production of goods or services. These expenses include items such as rent, utilities, office supplies, salaries of support staff, legal fees, accounting fees, insurance, and other general costs.

A breakdown of general and administrative costs for the three months ended March 31, 2026 and 2025, along with the respective variances, are as follows:

	2026	2025	Variance
Professional fees	$ 72,687	$ 99,398	($26,711)
Salaries	313,472	274,390	39,082
Management fees	109,000	109,000	-
Office and general	63,592	61,479	2,113
Regulatory	26,876	36,423	(9,547)
	$585,627	$580,690	$4,937

Certain variances in expenses were noted in the three months ended March 31, 2026 compared to the three months ended March 31, 2025. The increase in salaries is reflective of additional personnel hired to support ramped up operations. The reduction in regulatory fees was due to fewer compliance activities. Decreases in professional fees and office and general expenses are consistent with normal fluctuations in business activities. Overall, the variances are not considered material to the Company's financial position or results of operations.

(iv) The modest increase in depreciation expense was primarily due to the capitalization of an additional office lease as a right-of-use asset towards the end of the first quarter, which led to higher depreciation for the quarter, relative to the comparative period in 2025.

(v) Stock-based compensation reflects the fair value of Options and DSU's that vested during the period (a non-cash expense). The increase compared to the prior year is primarily attributable to the recognition of DSU expense on awards granted in the year ended December 31, 2025 ($20,222), together with higher Options expense ($13,946 compared to $9,879 in 2025).

Other income (expense items) included:

	2026	**2025**
Other income (expense)	$	$
Interest and accretion	(10,664)	(15,916)
Interest income	40,005	8,259
Foreign exchange gain (loss)	195,352	(7,085)
	224,693	(14,742)

Liquidity

As at March 31, 2026, the Company had a cash balance of $4,060,873 (December 31, 2025 - $4,775,481) and working capital of $5,311,843 (December 31, 2025 - $6,089,806). The decrease in cash was due to the cash used in operating activities in the amount of $653,111, lease payments of $52,026 and $9,471 of cash used for the purchase of equipment. The Company currently does not generate a sufficient amount of cash flow from its operations to fund its general operating requirements, development activities and growth initiatives.

Cash used in financing activities for the three months ended March 31, 2026 consisted of lease payments totaling $52,026 (March 31, 2025 - $51,071).

During the three months ended March 31, 2026, the Company used $9,471 (March 31, 2025 - $14,038) in cash for the purchase of equipment.

Capital Resources

The Company regularly monitors and manages its capital resources to assess the liquidity necessary to fund operations and capacity expansion.

As of the date of this MD&A, the Company believes that its current resources will be sufficient to settle its current liabilities for at least the next 12 months. However, the Company will require additional financing to fund ongoing operations and to execute its long-term business plan beyond that period. The Company does not currently have any firm commitments for capital expenditures. While the Company has been successful in raising financing in the past, its ability to secure additional funding will depend on market conditions, including the liquidity of the capital markets, general economic conditions and investor acceptance of small-cap companies. There can be no assurance that such financing will be available on acceptable terms, or at all, when required. As a result, these conditions give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's conclusion that it has sufficient liquidity for at least the next 12 months is based on current cash balances, expected operating expenditures and anticipated order activity. If actual results differ from these assumptions, including lower than expected revenues or higher expenditures, additional financing may be required sooner than anticipated.

As the Company transitions into its initial phase of commercial production at the newly developed manufacturing facility of its contract manufacturer in India, management anticipates the need for additional expenditures to support ongoing operations, maintain production capacity, and execute on the Company's growth strategy.

While no material capital commitments have been made as of the date of this MD&A, the Company expects to incur further capital and operating expenditures, including but not limited to, production optimization, working capital needs, research and development, sales and distribution infrastructure.

Management will actively assess a variety of funding options (including debt and equity issuances) and possible strategic partnerships to meet these anticipated expenditures.

Selected Quarterly Information (all amounts in accordance with IFRS)

The following table summarizes the Company's financial information for the last eight quarters:

Financial Results	**Q1 2026**	**Q4 2025 $**	**Q3 2025 $**	**Q2 2025 $**	**Q1 2025 $**	**Q4 2024 $**	**Q3 2024 $**	**Q2 2024 $**
Revenue	252,651	1,105,521	1,081,250	162,687	-	1,275,360	360,285	16,654
Gross Profit (Loss)	21,001	(105,555)	99,297	8,830	(11,926)	(109,991)	25,298	(36,184)
Total Expenses	1,064,950	1,139,324	1,110,946	1,174,121	1,043,930	1,150,794	947,338	2,503,204
Net Loss	(819,256)	(1,361,906)	(912,282)	(1,538,053)	(1,070,598)	(967,695)	(971,681)	(2,768,911)
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
Fully-diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)

The Company experienced an increase in revenue in Q3 2025 and Q4 2025 as it completed the commissioning and optimization of the manufacturing operations of its contract manufacturer in India, resulting in increased production capacity and output in the latter half of the year. Gross profit similarly improved in Q1 2026 and Q3 2025 relative to Q1 2025 and Q2 2025, primarily due to higher sales volumes and less impairment of inventory. As the Company continues to stabilize its manufacturing operations, management expects gross margins to improve in future periods, supported by increased production efficiency and higher throughput.

The Company's level of activity and expenditures during each quarter have been influenced by the availability of working capital, access to external financing, and the status and timing of operational initiatives. As the Company has historically been in a start-up and scale-up phase, no significant seasonality factors or consistent quarterly trends have been identified.

The Company is exposed to foreign exchange risk, primarily related to its manufacturing operations in India; however, fluctuations in exchange rates did not have a material impact on results during the periods presented. The Company has also experienced typical supply chain and input cost variability associated with early-stage manufacturing operations, although no material supply constraints or backlog issues impacted production during the current period of previous year.

During the year ended December 31, 2025, the Company achieved key operational milestones, including the completion of manufacturing optimization in Q4 2025 and the transition to meeting customer demand on a more consistent basis.

Proposed Transactions

As at the date of this MD&A, there are no proposed transactions.

Off-balance Sheet Arrangements

As at the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

Transactions Between Related Parties

(a) During the three months ended March 31, 2026, the Company was charged $100,000 (March 31, 2025 - $100,000) for consulting services provided by PE Consultants Inc., an entity which is controlled by Praveen Jain, the Chief Executive Officer of the Company. These expenses have been recorded in research and development and general and administrative expenses. As at March 31, 2026, $nil (December 31, 2025 – $nil) of this amount is included in accounts payable and accrued liabilities.

(b) During the three months ended March 31, 2026, the Company was charged $9,000 (March 31, 2025 - $9,000) for consulting services provided by CFO Advantage Inc., an entity which is controlled by Kyle Appleby, the Chief Financial Officer of the Company. These expenses have been recorded in general and administrative expenses. As at March 31, 2026, $9,000 (December 31, 2025 – $nil) of this amount is included in accounts payable and accrued liabilities.

(c) On June 16, 2022, the Company signed a manufacturing agreement (the "**Manufacturing Agreement**") with Ti-Lane Precision Electronic Company Limited ("**Ti-Lane**") to manufacture turn-key Q1200 microinverters for the Company on a high volume basis at Ti-Lane's facility based in GuangDong Province, China. The Manufacturing Agreement had an initial term of three years and was mutually terminated by the Company and Ti-Lane on November 30, 2024. Ti-Lane is a shareholder of the Company and is controlled by Baojun (Robbie) Luo, one of the Company's directors. During the three months ended March 31, 2026, the Company incurred $nil in charges from Ti-Lane for residual services following termination (March 31, 2025 - $11,660). As at March 31, 2026, $nil of this amount is included in accounts payable and accrued liabilities (December 31,

2025 - $nil).

(d) Transactions with related parties are incurred during the course of normal operations and initially recorded at fair value. Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following for the three months ended March 31, 2026 and 2025:

		2026		2025
Short-term compensation	**$**	**109,000**	$	109,000
Share-based payments		**-**		-
Total	**$**	**109,000**	$	109,000

Risks and Uncertainties

The Company's business is subject to a number of risk factors which are described in detail in the AIF. See "Forward-looking Statements" above for a summary of such risk factors.

Financial Risk Management

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

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposure as at March 31, 2026 and December 31, 2025 relates to the carrying amount of cash and cash equivalents and accounts receivable. To reduce credit risk, all significant cash balances are placed with major financial institutions. Therefore, credit risk is low.

The Company currently has one customer. The Company monitors the creditworthiness of this customer on an ongoing basis and believes the risk of loss to be low based on the customer's payment history and financial standing. No provision for expected credit losses has been recognized as at March 31, 2026. The Company does not require collateral or other security in respect of this receivable.

The Company's expected credit loss allowance is estimated using historical loss information, current industry conditions and payment practices, as well as reasonable and supportable forecasts of future economic conditions. Credit risk is assessed based on days outstanding and utilizes both internal credit assessments and publicly available credit information. As a result, the allowance reflects anticipated effects caused by recent market deterioration. As at March 31, 2026, the current expected credit loss allowance was $nil (December 31, 2025 - $nil).

Credit risk concentration

The Company's accounts receivable are subject to concentration of credit risk. As at March 31, 2026, one customer accounted for approximately 98% of total accounts receivable (December 31, 2025 – 63%). In addition, revenue for the current period was derived from a limited number of customers and was substantially concentrated with a single customer under the Jio Supply Agreement. As a result, the Company's revenue may fluctuate based on the timing and volume of orders from this customer. The Company monitors this customer's creditworthiness on an ongoing basis and has not experienced any significant collection issues.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure

that it will have sufficient liquidity at all times to settle obligations and liabilities when due. The Company has the following contractual obligations:

	Less than 1 year $	1 to 5 years $	Total $	Carrying value
Accounts payable and accrued liabilities	172,698	-	172,698	172,698
Lease liability	173,924	209,169	383,093	383,093
March 31, 2026	**346,622**	**209,169**	**555,791**	**555,791**

	Less than 1 year $	1 to 5 years $	Total $	Carrying value
Accounts payable and accrued liabilities	1,161,497	-	1,161,497	1,161,497
Lease liability	143,162	180,793	323,955	323,955
December 31, 2025	**1,304,659**	**180,793**	**1,485,452**	**1,485,452**

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial assets and liabilities of the Company do not represent interest risk because they do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

(d) Tariff uncertainty

Since 2025, the President of the United States has issued executive orders directing the United States to impose new or increased tariffs on certain of its trading partners, including Canada, as part of broader and rapidly evolving changes to U.S. trade policy. Such measures have contemplated the imposition of broad-based tariffs on imports from Canada, with certain exemptions or reduced tariff rates for specific categories of goods, including certain energy resources such as oil and natural gas. In response to U.S. trade actions, the Government of Canada, as well as other countries, including China, have announced and implemented retaliatory counter-tariffs.

While many of the tariffs implemented by the U.S. government were struck down by the Supreme Court of the United States on February 20, 2026, the full scope and practical impact of that decision remain uncertain. Certain sector-specific tariffs and other trade measures remain in effect, and the United States has also announced or implemented additional tariffs on imports from other jurisdictions, including Mexico and China. There can be no assurance that new tariffs, trade restrictions or other protectionist measures will not be introduced in the future, or that previously implemented measures will not be reinstated, modified or replaced under alternative legal authorities.

The timing, scope and implementation of tariffs and other trade policy changes are uncertain and may change rapidly. To the extent implemented or expanded, such tariffs or retaliatory measures could have a material adverse effect on the Canadian economy and could adversely affect global trade flows, contributing to broader economic uncertainty or disruption. Any such developments may adversely affect the Company's business, operations, costs and expenses, revenue, cash flow, profitability, results of operations and financial condition.

The tariffs currently have no direct impact on the Company. The Company continues to closely monitor developments in U.S. and international trade policy, including the potential availability of tariff refunds arising from recent judicial decisions. However, there can be no assurance that additional changes to U.S. trade policy or retaliatory actions by Canada or other countries will not occur, or that such changes will not have an adverse impact on the Company.

(e) Foreign exchange risk

The Company is exposed to foreign exchange risk from various currencies, primarily the US dollar. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in a currency other than the Canadian dollar, which is the functional currency of the Company.

The Company's primary objective in managing its foreign exchange risk is to preserve sales values and cash flows and reduce variations in performance. Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations.

The following amounts are denominated in foreign currency:

	Currency	March 31, 2026	December 31, 2025
Cash	US Dollar	$ 2,495,876	$ 3,337,948
Cash	Indian Rupee	157,700	5,629,901
Accounts Receivable	US Dollar	$ 5,685	$ 5,685
Accounts Receivable	Indian Rupee	676,837	54,215,539
Accounts Payable	US Dollar	$ 330	$ 1,730
Accounts Payable	Indian Rupee	458,597	64,770,033

On March 31, 2026, an increase of 1% in the value of US dollar/Indian Rupee will result in a gain of $34,800 (December 31, 2025 - $46,000) in the value of cash, $180 (December 31, 2025 - $8,340) in accounts receivable and loss of $70 (December 31, 2025 - $9,876) in accounts payable. Similarly, a decrease of 1% in the value of US dollar/Indian Rupee will have similar effects but in opposite direction.

Critical Accounting Estimates

Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Valuation of Deferred Tax Assets

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Going Concern Risk Assessment

The assessment of the Company's ability to continue as a going concern and meet its liabilities for the ensuing year involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

Valuation of Research and Development Costs and Tax Credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development expenditures. Investment tax credits are recognized when the related expenditures are incurred, and there is reasonable assurance of their realization. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. The Company's claim is subject to audit by Canada Revenue Agency which may allow more than the amount recorded or may disallow all or a portion of the amount recorded.

Fair Value of Options

Stock-based compensation expense is measured by reference to the fair value of the Options at the date at which they are granted. Estimating fair value for granted Options 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, volatility, dividend yield, interest rate, and rate of forfeitures and making assumptions about them. Expected volatility is estimated using price history of comparable companies that are publicly listed over the expected life of the options granted.

Expected Credit Losses

The Company's accounts receivable are typically short-term in nature, with the exception of holdbacks and the Company recognized an amount equal to the lifetime expected credit losses ("**ECLs**"). The Company measures ECLs based on historical experience and forecasted economic conditions. The amount of the ECLs is sensitive to changes in future circumstance and economic conditions.

Valuation of Inventory

The Company's inventory is valued at the lower of average cost or net realizable value and management makes an estimate for any item that cannot be sold. If realization of inventory values differs from estimates, future earnings would be affected.

Outstanding Share Data

The Company has the following securities issued and outstanding as at the date of this MD&A:

Securities	Number Outstanding
Common shares	116,935,108
Options [(1)]	11,166,706
Deferred Share Units [(1)]	606,666
Compensation Warrants [(2)]	1,468,501

Notes:

(1) The Company has the Omnibus Plan which provides for a wide range of incentive awards, including Options, DSUs, restricted share units, performance share units and other share-based awards to attract, retain and motivate Employees, Directors, Officers and Consultants of the Company (as such terms are defined in the Omnibus Plan). The Omnibus Plan is a "rolling up to 10% and fixed up to 10%" Security Based Compensation Plan, as defined in Policy 4.4 - Security Based Compensation of the TSXV. The Omnibus Plan is a: (a) "rolling" plan pursuant to which the number of common shares that are issuable pursuant to the exercise of Options granted under the Omnibus Plan shall not exceed 10% of the issued and outstanding common shares as at the date of any Option grant; and (b) "fixed" plan under which the number of common shares that are issuable pursuant to all awards other than Options granted under the Omnibus Plan and under any other security based compensation arrangement, in aggregate is a maximum of 11,693,510 common shares, in each case, subject to adjustment as provided in the Omnibus Plan and any subsequent amendment to the Omnibus Plan. The Shareholders approved the initial adoption of the Omnibus Plan at the Company's annual and special meeting held on June 1, 2022.

(2) Issued in connection with the Company's private placement of common shares completed on May 31, 2024 and June 7, 2024. Each compensation warrant entitles the holder to purchase one (1) common share at a price equal to $0.40 per share for a period of two years from the date of issuance.

Additional Disclosure for Ventures Issuers Without Significant Revenue

For the three months ended March 31, 2026 and 2025, the Company's material expensed research and development costs and general and administrative expenses are disclosed and discussed above under "Operating Expenses," including detailed breakdowns of their principal components. The Company did not incur any evaluation assets or expenditures, nor did it capitalise development costs or recognize internally generated intangible assets, during the periods presented. Other material costs incurred by the Company are described elsewhere in this MD&A.

Internal Control Over Financial Reporting

Management has established processes to provide it with sufficient knowledge to support

representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date at and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

1. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

2. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca.

Approval

The Board of Directors has approved the disclosure contained in this MD&A.