# VALENCIA CAPITAL INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2026

## 1. Date

This Management's Discussion and Analysis ("MD&A") of Valencia Capital Inc. ("Valencia" or the "Company") has been prepared by management as of May 29, 2026, and should be read in conjunction with the condensed interim financial statements and related notes thereto for the nine months ended March 31, 2026, and 2025. These financial statements have been prepared by management in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A contains forward-looking information that reflects management's expectations regarding the Company's growth, results of operations, performance, and business prospects. The use of words such as "anticipate," "continue," "estimate," "expect," "may," "will," "project," "should," "believe," "outlook," and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially.

The Company undertakes no obligation to publicly update or revise the forward-looking statements except as required by applicable securities laws.

## 2. Overall Performance

Valencia was incorporated on June 19, 2019, under the *Business Corporations Act* (British Columbia). The Company completed its initial public offering on August 14, 2020, and is a Capital Pool Company pursuant to the policies of the TSX Venture Exchange (the "Exchange"). The Company is in the development stage, and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction, as defined by the policies of the Exchange. Such a transaction will be subject to shareholder and regulatory approval.

The Company is actively reviewing potential acquisition targets with the goal of completing a Qualifying Transaction.

## 3. Selected Financial Information

| | Nine months ended March 31, 2026 $ | Year ended June 30, 2025 $ |
|---|---|---|
| Net loss | (40,579) | (84,484) |
| Loss per share | (0.00) | (0.01) |
| Total assets | 359,110 | 381,538 |

## 4. Results of Operations

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

For the nine-month period ended March 31, 2026, the Company recorded a net loss of $40,579 ($0.00 per share), compared to a net loss of $57,469 ($0.01 per share) for the same period in 2025. The decrease in net loss was primarily due to lower legal costs being incurred in connection with the Company evaluating potential Qualifying Transactions. All other costs did not have significant changes.

## 5. Summary of Quarterly Results

The following is a summary of the Company's financial results for each of the eight last reported quarters.

| Quarter ended | | Loss | | Loss per share |
|---|---|---|---|---|
| March 31, 2026 | $ | (21,750) | $ | – |
| December 31, 2025 | | (10,806) | | – |
| September 30, 2025 | | (8,023) | | – |
| June 30, 2025 | | (27,015) | | – |
| March 31, 2025 | | (25,764) | | – |
| December 31, 2024 | | (20,645) | | – |
| September 30, 2024 | | (11,060) | | – |
| June 30, 2024 | | (20,683) | | – |

## 6. Liquidity and Capital Resources

At March 31, 2026, the Company held cash of $347,719, compared to $373,594 as at June 30, 2025. The Company's working capital position was $330,029 at March 31, 2026, compared to $370,608 as at June 30, 2025, reflecting ongoing expenses related to corporate operations.

The continuing operations of the Company are dependent upon its ability to evaluate and complete a Qualifying Transaction. To date, the Company has not generated any revenues, has incurred losses since its inception and, at March 31, 2026, had an accumulated deficit of $664,823 (June 30, 2025: $624,244).

*Operating activities*

For the nine months ended March 31, 2026, the Company's operating activities used cash of $25,875 (2025: $41,476).

*Capital Management*

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments, when required, considering certain economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that general and administrative expenses have a limit of $3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under Exchange Policy 2.4. The Company currently is not subject to other externally imposed capital requirements.

## 7. Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

## 8. Financial Instruments & Risk Management

*Fair Values*

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

*Credit Risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

*Foreign Exchange Risk and Interest Rate Risk*

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining adequate cash in excess of anticipated needs.

## 9. Transactions with Related Parties

At March 31, 2026, the Company owed $1,575 (2025: $4,200) to a company controlled by the Chief Financial Officer, included in accounts payable and accrued liabilities. During the nine-month period ended March 31, 2026, the Company incurred $13,500 (2025: $13,500) in professional fees to the same related party.

## 10. Proposed Transaction

The Company continues to pursue and evaluate businesses and assets with a view to completing a Qualifying Transaction as soon as practically possible.

## 11. Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the nine months ended March 31, 2026, and have not been early adopted in preparing these financial statements.

*IFRS 18, Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which will replace IAS 1, Presentation of Financial Statements. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company’s financial statements.

## 12. Additional Disclosure for Venture Issuers Without Significant Revenue

An analysis of material components of the Company’s general and administrative expenses is disclosed in the condensed interim financial statements for the nine months ended March 31, 2026, and 2025, to which this MD&A relates.

## 13. Disclosure of Outstanding Share Data

As at May 29, 2026, the Company has:

- 11,383,900 common shares issued and outstanding
- 533,390 stock options outstanding with an exercise price of $0.10 per common share
- No share purchase warrants outstanding

## 14. Additional Information

Additional disclosures pertaining to the Company’s material change reports, press releases and other information are available on the SEDAR+ website at www.sedarplus.ca.