



Cheelcare Inc.

Management's Discussion and Analysis

Three months ended

July 31, 2025

(First Quarter Financial Year 2026)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") of Cheelcare, ("Cheelcare" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Cheelcare, on how the Company performed during the three-month period and year ended July 31, 2025. It includes a review of the Company's financial condition and a review of operations for the three-month period July 31, 2025, as compared to the three-month period and July 31, 2024.

This MD&A complements the unaudited consolidated financial statements for the three months ended July 31, 2025 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the unaudited consolidated financial statements as at July 31, 2025 and related notes thereto.

The unaudited consolidated financial statements for the three months ended July 31, 2025, and for the three months ended July 31, 2024 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the consolidated financial statements are based on IFRS issued and effective as at July 31, 2025. On September 29, 2025, the Board of Directors approved, for issuance, the interim unaudited consolidated financial statements.

FUNCTIONAL AND PRESENTATION CURRENCY

The selected quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

REPORT'S DATE

The MD&A was prepared with the information available as at September 29, 2025.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Cheelcare, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, uncertainty in market adoption rates [EDIT: Updated to mobility sector risk], environmental risks including increased regulatory burdens, supply chain disruptions [EDIT: Updated to mobility sector risk], adverse operating conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAUTION REGARDING FORWARD-LOOKING INFORMATION (CONTINUED)

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

NATURE OF ACTIVITIES:

Cheelcare Inc. (formerly Departure Bay Capital Capital Corp.), originated as a capital pool company listed on the TSX Venture Exchange ("TSVX").

On February 24, 2025, Departure Bay Capital Corp. entered into a definitive business combination agreement with 9302204 Canada Inc. operating as Cheelcare. The final business combination agreement between Departure Bay Capital Capital Corp. and 9302204 Canada Inc. was signed on July 7, 2025.

The transaction was structured as a reverse takeover ("RTO") whereby Departure Bay Capital Corp., through its wholly-owned subsidiary 1672905-3 Canada Inc. amalgamated with 9302204 Canada Inc. to form an amalgamated entity. Upon closing, amalgamated entity became a wholly-owned subsidiary of Departure Bay Capital Corp, and the resulting issuer continued under the name "Cheelcare Inc." and is traded on the TSXV (TSVV: CHER).

9302204 Canada Inc. was incorporated pursuant to the provisions of the CBCA on May 21, 2015. Following the amalgamation 1672905-3 Canada Inc. it was reregistered under the same name and business number and continues its operations under the registered name "Cheelcare". Cheelcare is a company that designs and manufactures innovative mobility devices using advanced robotics focused on empowering individuals with mobility impairments by delivering innovative, smart mobility solutions. Founded on the principle that technology can dramatically improve accessibility and independence. Cheelcare designs, engineers, and manufactures cutting-edge power-assist devices, safety accessories (cameras with sensors) and complex rehab wheelchairs.

Its current flagship product, the Companion, is a power-assist device that converts a manual wheelchair into a powered unit, enhancing user mobility and quality of life. The Companion Plus is the only front-mounted power-assist device listed on Ontario's Assistive Devices Program (ADP), a key differentiator enabling government-subsidized access to users across the province. It is distributed through a network of 111 dealers' locations in Ontario, over 200 dealers' locations in the US and by 15 manufacturer's representatives selling directly to Veteran Affairs' Medical Centers across the USA.

Cheelcare also develops OEM accessories and electronic systems for other mobility manufacturers. It partners with leading wheelchair manufacturers such as Sunrise Medical, Permobil, and Amylior, supplying safety cameras and sensors.

The Company's next-generation innovation, Curio, is a robotic complex rehab power wheelchair. Designed for users with significant functional impairments, Curio integrates patented mechanical design, unique functionality and attractive design. It has undergone ISO7176 certified testing and is pending regulatory approval from Assistive Device Program of Ontario (ADP) and the U.S. Food and Drug Administration (FDA) through 510(k) pre-market notification.

Cheelcare is headquartered in Richmond Hill, Ontario, and operates through a lean, multidisciplinary team combining expertise in mechanical design, electrical and software engineering, regulatory affairs, and market development. Its commercialization strategy emphasizes clinical validation, global distributor partnerships, and scalable in-house assembly. The Company had 12 full time employees during the year. With the growing demand for the Company's products, increase in production of

MANAGEMENT'S DISCUSSION AND ANALYSIS

Product Line Overview:

Product Name	Description	Market Position / Status
COMPANION	Front-mounted power-assist device for manual wheelchairs. Converts a manual wheelchair into a powered unit to increase mobility and reduce physical strain. US patent granted, Canadian patent pending.	Flagship product; listed on Ontario Assistive Device Program, distributed through 60+ dealers in Canada. In the US distributed through 15+ independent representatives to VA Medical Centers, and through 200+ dealer locations.
CURIO	Robotic complex rehab power wheelchair integrating patented mechanical design allowing advanced functionality. Targets users with complex mobility impairments.	In pilot production. Submitted to ADP; FDA 510(k) pre-market notification in progress
AWARE	Mobility safety accessories (cameras and sensors)	Sales through dealer network and revenue-generating OEM partnerships. Products integrated in existing mobility devices.

REVERSE TAKEOVER

Departure Bay Capital Corp. ("DBC") was incorporated under the Business Corporations Act (British Columbia) on February 16, 2022, as a Capital Pool Company under TSX Venture Exchange ("TSXV") Policy 2.4. On October 26, 2022, DBC completed its initial public offering, and its common shares were listed on the TSXV under the symbol "DBC.P" on October 28, 2022.

9302204 Canada Inc., a Canadian-Controlled Private Corporation, was incorporated on May 21, 2015, under the Canada Business Corporations Act. Cheelcare is a technology and manufacturing company focused on assistive mobility devices for individuals with physical disabilities.

On February 24, 2025, DBC entered into a definitive business combination agreement with Cheelcare. The transaction was structured as a reverse takeover ("RTO") pursuant to which DBC, through its wholly owned subsidiary, 1672905-3 Canada Inc. ("Subco"), amalgamated with Cheelcare to form an amalgamated entity ("Amalco"). Upon closing, Amalco became a wholly owned subsidiary of DBC, and the resulting issuer was renamed "Cheelcare Inc." and began trading on the TSXV.

The RTO was completed by way of share exchange and pre-closing capital adjustments, including:

- A 3-for-1 share consolidation by DBC;
- A share split by Cheelcare resulting in 10,522,015 post-split outstanding Cheelcare common shares;
- Conversion of Cheelcare convertible debentures (including accrued interest) into common shares; and
- Automatic conversion of Cheelcare subscription receipts from a private placement into units consisting of common shares and warrants.

As consideration, the resulting issuer issued 10,522,015 common shares at a deemed price of \$0.75 per share.

For accounting purposes, the transaction was treated as a reverse takeover of DBC by Cheelcare. Although DBC is the legal parent, Cheelcare is considered the acquirer under IFRS. DBC did not constitute a business under IFRS 3 Business Combinations at the time of the transaction. Accordingly, the transaction was accounted for under IFRS 2 Share-Based Payment. The difference between the fair value of consideration paid and the net assets of DBC acquired is recognized as a listing expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Nos	Rate	Value
Consideration			
New Shares of DBC Issued	1500000	0.65407	\$ 981,105
DBC Options	150000	0.3	45,000
DBC Warrants	66666	0.3	20,000
Legal costs			190,192
Total consideration paid			\$ 1,236,297

The fair value of shares was based on the proportionate fair value of Cheelcare shares within the concurrent financing unit. Options and warrants were valued using the Black-Scholes option pricing model with the following assumptions:

- Risk-free rate: 2.68%
- Expected life: 2 to 2.74 years
- Expected volatility: 100% (based on comparable issuers)
- Dividend yield: 0%

Net Assets Acquired	
Cash and Cash Equivalents	\$ 1,912
Receivable from Cheelcare	75,000
Accounts payable and other liabilities	(55,412)
Net Assets required	\$ 21,500
Listing Expenses	
	\$ 1,214,797

The excess of consideration over the net assets acquired, including transaction costs, was recorded as a listing expense of \$1,214,797, in accordance with IFRS 2.

OPERATIONAL HIGHLIGHTS – THREE MONTHS ENDED JULY 31, 2025:

The three months ended July 31, 2025, marked a period of operational and strategic progress for Cheelcare as the Company continued its focus on expanding product availability, scaling up in core markets, and strengthening its organizational infrastructure. Key highlights include:

- **Expansion of Distribution Network:** Cheelcare expanded its reach across North America and internationally. As of July 2025, the Company had partnered with over 250 dealers locations globally, including new relationships in the United States, Canada, Australia, and select markets in Europe and the Middle East with focus on the USA and Canada. Notably, more than 20 U.S. Veterans Affairs Medical Centers now carry Cheelcare products.
- **Development of Complex Rehab Features of Curio complex rehab wheelchair:** Cheelcare finalized the design and testing of innovative anti-shearing backrest (US Patent Application) and articulated footrest for Curio
- **Pilot Production and Testing of Curio:** Having completed ISO 7176 certification, crash testing, and electromagnetic interference (EMI) testing Cheelcare launched pilot production of Curio robotic complex rehab power. The Company is finalizing preparations for submission to the FDA for 510(k) clearance in the U.S.
- **Strategic OEM Partnerships:** Cheelcare continued to strengthen its industry positioning through OEM relationships, supplying accessories to leading mobility companies including Permobil, Sunrise Medical, and Amylior.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Team Expansion and new facility secured:** The Company grew its team to 12 full-time and 3 part-time staff and invested in systems to support future scaling of operations, including onboarding new regulatory consultants, dealer training programs, and expanding inventory and logistics capacity. Lease agreement for the new 16,000 sqf production facility has been signed.
- **Technology Integration and Industry Recognition**
 - **Technology Integration:** Cheelcare has initiated the implementation of advanced Enterprise Resource Planning (ERP) system aimed at enhancing traceability, compliance, and integrated production planning across departments. This upgrade supports the Company's transition toward scalable manufacturing. In parallel, Cheelcare continues to integrate Toyota Production System (TPS) principles to streamline its operations, eliminate inefficiencies, and build capacity for mass customization.
 - **Industry Leaders Recognition:** In 2024, Cheelcare was selected as one of the inaugural participants in the Mobility Unlimited Hub, a global initiative by the Toyota Mobility Foundation and MaRS Discovery District. This prestigious cohort supports breakthrough mobility solutions designed to empower individuals with disabilities. Toyota Mobility Foundation later agreed to support Cheelcare with complimentary services through Toyota Production Systems.

These achievements reflect Cheelcare's continued focus on innovation, quality, and operational excellence as it scales toward broader commercialization and regulatory clearance for its core technologies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL DATA FOR THE THREE MONTHS ENDED JULY 31, 2025 AND YEAR ENDED APRIL 30, 2025

The following selected financial information is derived from three months ended July 31, 2025 and Year ended April 30, 2025.

	July 31, 2025	April 30, 2025
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,520,767	54,534
Restricted cash account	3,221	3,503,470
Trade and other receivables	277,480	194,491
Inventories	411,635	293,810
Prepaid expenses	197,014	51,245
TOTAL ASSETS	2,446,475	4,166,087
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Bank indebtedness	-	144,000
Accounts payable and accrued liabilities	320,566	1,308,577
Derivative Liability	91,600	96,332
Government remittances payable	17,114	12,797
Advances from a service provider	117,591	98,925
Convertible debentures	-	1,263,832
Other Loan	-	75,000
Due to shareholders	39,411	298,539
Subscription receipt	-	3,500,000
Bank loans	143,034	152,461
Canada emergency business account loan	50,348	47,915
Promissory notes	348,699	329,462
TOTAL LIABILITIES	1,128,362	7,327,840
SHAREHOLDERS' DEFICIT		
Share capital	6,025,508	493,869
Warrants	556,149	22,816
Contributed surplus	693,572	423,769
Conversion feature	-	224,802
Accumulated deficit	(5,957,116)	(4,327,009)
TOTAL SHAREHOLDERS' DEFICIT	1,318,112	(3,161,753)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	2,446,475	4,166,087

Below is a discussion of the key financial items from the balance sheet:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Position

As at July 31, 2025, the Company had total assets of \$2,446,475 compared to \$4,166,087 as at April 30, 2025. The decrease of approximately \$1.7 million is primarily attributable to the elimination of restricted cash balances following the completion of the reverse takeover transaction, offset by a material increase in unrestricted cash balances and working capital assets.

Assets

- Cash and cash equivalents increased significantly to \$1,520,767 from \$54,534 at April 30, 2025. The increase is the result of proceeds released from subscription receipts and financing activities associated with the reverse takeover transaction.
- Restricted cash decreased to \$3,221 from \$3,503,470, reflecting the release of funds previously held in escrow as subscription receipts, which were converted into common shares and warrants upon closing of the reverse takeover.
- Trade and other receivables increased to \$277,480 from \$194,491, consistent with higher business activity and timing of collections.
- Inventories rose to \$411,635 compared to \$293,810, reflecting production ramp-up to support anticipated sales growth.
- Prepaid expenses increased to \$197,014 from \$51,245, mainly due to upfront payments for insurance, rent, and service contracts.

Liabilities

Total liabilities decreased sharply to \$1,128,362 as at July 31, 2025, from \$7,327,840 at April 30, 2025. This decrease reflects the conversion of debt and accrued interest into equity and the elimination of subscription receipts upon completion of the reverse takeover transaction. Key changes include:

- Convertible debentures of \$1,263,832 as at April 30, 2025 were fully converted into common shares during the quarter.
- Accrued debenture interest of approximately \$281,000 was also converted into equity, further reducing liabilities.
- Subscription receipts of \$3,500,000 were eliminated upon closing of the reverse takeover and replaced with common shares and warrants.
- Accounts payable and accrued liabilities declined to \$320,566 from \$1,308,577, reflecting settlement of professional fees and transaction-related costs incurred prior to the reverse takeover.
- Bank indebtedness of \$144,000 at April 30, 2025 was repaid.
- Promissory notes increased modestly to \$348,699 from \$329,462, reflecting accrued interest and adjustments during the quarter.
- Other obligations, including bank loans (\$143,034), the Canada Emergency Business Account loan (\$50,348), shareholder loans (\$39,411), and advances from service providers (\$117,591), remained in place with minor fluctuations.

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Shareholders' Equity (Deficit)

The Company moved from a shareholders' deficit of \$(3,161,753) at April 30, 2025 to positive equity of \$1,318,112 at July 31, 2025, representing an overall improvement of approximately \$4.5 million. This transformation reflects the balance sheet restructuring associated with the reverse takeover transaction:

- Share capital increased to \$6,025,508 from \$493,869, reflecting the issuance of shares upon conversion of debentures, accrued interest, and subscription receipts.
- Warrants increased to \$556,149 from \$22,816, representing the fair value of warrants issued in connection with the financing.
- Contributed surplus rose to \$693,572 from \$423,769, reflecting the recognition of stock-based compensation and option-related charges.
- Conversion feature of \$224,802 recorded at April 30, 2025 was eliminated upon conversion of debentures into equity.
- Accumulated deficit increased to \$(5,957,116) from \$(4,327,009), reflecting the Company's net loss for the period.

Overall Position

The Company's balance sheet improved materially during Q1 2026 as a result of the completion of the reverse takeover transaction and related financing. The conversion of debenture principal and accrued interest into equity, combined with the release and conversion of subscription receipts, reduced total liabilities by more than \$6 million and restored the Company to a positive shareholders' equity position. With cash of \$1.52 million at July 31, 2025, the Company is positioned to fund near-term operations and support its research and development programs, though accumulated losses continue to weigh on overall equity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL DATA FOR THE THREE MONTHS ENDED JULY 31, 2025 AND JULY 31, 2024 RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JULY 31, 2025 AND JULY 31, 2024.

	July 31, 2025	July 31, 2024
	\$	\$
Gross revenue	488,876	470,702
Less: Commission	(70,895)	(78,341)
Net Revenue	417,981	392,361
Cost of sales	205,194	145,781
GROSS PROFIT	212,788	246,580
EXPENSES		
Professional fees	114,726	75,362
Salaries and benefits	32,061	63,705
Interest on loan and borrowings	186,535	80,647
Subcontractors	1,381	29,089
Research and development	162,737	79,339
Automobile and travel	22,584	9,194
Office and general	22,069	48,919
Advertising and promotion	268	1,178
Occupancy cost	10,054	9,686
Credit card merchant fees	4,002	9,377
Insurance	7,066	8,060
Bank charges and interest	28,304	4,116
Telephone and utilities	1,997	2,639
Amortization and depreciation	39,027	1,504
Provision for expected credit loss	19	2,726
	632,829	425,540
LOSS FROM OPERATIONS	(420,042)	(178,960)
Gain on derivative instruments	4,731	-
Listing expenses	(1,214,797)	-
LOSS AND COMPREHENSIVE LOSS	(1,630,108)	(178,960)

- **Revenue:** Gross revenue for the quarter ended July 31, 2025, was **\$488,876**, compared to **\$470,702** for the same period in 2024. After commissions of \$70,895 (2024 – \$78,341), net revenue increased to **\$417,981**, representing a **6.5% increase** over the prior year. The increase reflects stronger sales activity partially offset by higher commission expenses.
- **Gross Profit:** Gross profit for the quarter was \$212,788, compared to \$246,580 in the prior year. The decline in gross margin is primarily attributable to an increase in cost of sales, which rose to \$205,194 (2024 – \$145,781). This reflects higher material and production costs during the period.
- **Professional Fees:** Total professional fees increased to \$114,726 in Q3 2025 from \$75,362 in Q3 2024, representing a 52% year-over-year increase. The key drivers of this increase are as follows:

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MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JULY 31, 2025 AND JULY 31, 2024. (CONTINUED)

- Legal Fees decreased significantly to \$7,796 (2024 – \$63,747). The prior year included elevated legal costs primarily associated with corporate structuring and compliance matters. In the current quarter, legal expenses were minimal as major transaction-related legal work had been completed.
- Accounting Fees were \$27,528 in Q3 2025 (2024 – nil). This reflects higher audit, review, and advisory costs incurred as part of the Company's transition to public company reporting requirements.
- Technical Consulting increased substantially to \$78,589 (2024 – \$11,615). The expenses incurred during the three months ended July 31 2025 pertained to compensation paid on termination of a Director.
- Other Fees were \$812 (2024 – nil), representing miscellaneous advisory services.

The shift in composition of professional fees reflects the Company's transition into a publicly listed entity and its focus on technical consulting support. While legal costs normalized, both accounting fees (due to audit and compliance) and technical consulting costs (supporting product and operations) increased, leading to the overall growth in professional fees.

- **Salaries and Benefits:** The salary and wages cost for the current quarter is lower compared to the same quarter last year is mainly due to the higher allocation of the salaries to Research and Development. The allocation of Salaries to the Research and Development during July 31, 2024 was lower .
- **Subcontractors:** Represents outsourced technical, regulatory, and support work related to R&D and listing support. The services of a Contractor was discontinued post July 2024 leading to the lower Subcontracting costs in 2025.
- **Research and Development:** Total R&D expenses increased to \$162,737 in Q1 2026, from \$79,339 in Q1 2025, representing a net increase of \$83,398 (105%). The key components are as follows:
 - Salaries: Increased to \$95,117 (Q1 2025 – \$33,724), a rise of \$61,393. This reflects higher allocation of salaries to research and development compared to July 31 2024.
 - Software Development: No expense in Q1 2026 compared to \$7,764 in Q1 2025, resulting in a \$7,764 decrease.
 - Prototyping and Design Services:
 - 2286594 Ontario: \$23,291 in Q1 2026 (Q1 2025 – nil), representing outsourced prototype and development work.
 - LG Design: \$22,000 in Q1 2026 vs. \$8,000 in Q1 2025, an increase of \$14,000 linked to expanded design mandates.
 - Tensen Design Inc: \$15,818 in Q1 2026 vs. \$29,851 in Q1 2025, a decrease of \$14,033 due to reduced reliance on this service provider.
- **New CRM system:** Salesforce.com Canada Corp: \$6,511 in Q1 2026 (Q1 2025 – nil), reflecting new licensing
- **Interest and Accretion:** Comprises interest on convertible debentures and bank loans, plus non-cash accretion on debenture liabilities.

The increase in R&D expenses was primarily driven by higher salaries and outsourced prototyping/design services, reflecting accelerated product development activity in Q1 2026. While certain providers (e.g., Tensen Design) saw

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JULY 31, 2025 AND JULY 31, 2024. (CONTINUED)

reduced spending, the addition of new vendors and higher internal staffing contributed to the overall doubling of R&D investment.

- **Interest on Debt and Borrowings:** Total finance costs for Q1 2026 were \$187,116, compared to \$80,647 in Q1 2025, representing an increase of \$106,469 (132%). The breakdown is as follows:
 - Interest on Debentures: Decreased to \$21,464 from \$46,197, reflecting partial conversion and repayment of outstanding debentures following the reverse takeover.
 - Accretion of Debentures: Increased significantly to \$109,168 (Q1 2025 – \$13,505). The sharp increase reflects accounting recognition of accretion on remaining debenture balances, including new instruments.
 - BDC and HASCAP Loans: Interest was \$5,479, up slightly from \$4,838, consistent with ongoing servicing of government-backed financing.
 - Shareholder Loans: Interest expense declined modestly to \$2,161 from \$2,900, due to reduced outstanding balances.
 - Shopify Loans: Interest was \$7,410 compared to \$11,017 in Q1 2025, reflecting lower principal balances or repayment.
 - CEBA Loan: Interest remained constant at \$756 year-over-year, while accretion increased slightly to \$1,676 (Q1 2025 – \$1,434).
 - Promissory Note: Interest of \$38,421 was recognized in Q1 2026 (Q1 2025 – nil), reflecting new debt issued during the period.
 - Other: Minor interest charges of \$581 were incurred in Q1 2026 (Q1 2025 – nil).
- **Listing Fees** - In connection with the reverse takeover ("RTO") of Departure Bay Capital Corp. ("DBC") by Cheelcare, the Company recognized listing expenses of \$1,214,797 in accordance with IFRS 2 *Share-Based Payment*. Although DBC was the legal parent, it did not meet the definition of a business under IFRS 3, and Cheelcare was deemed the acquirer for accounting purposes. As such, the excess of the fair value of consideration issued by Cheelcare over the net assets of DBC acquired was recorded as a listing expense. The total fair value of consideration amounted to \$1,236,297, which included the issuance of 1,500,000 common shares valued at \$981,105, 150,000 options valued at \$45,000, 66,666 warrants valued at \$20,000, and legal costs of \$190,192. After recognizing net assets acquired of \$21,500 (consisting primarily of cash and receivables offset by accounts payable), the residual balance was expensed as a one-time, non-cash listing cost. This accounting treatment reflects the cost of obtaining the TSXV listing through the RTO structure.

SELECTED QUARTERLY FINANCIAL INFORMATION

The loss and comprehensive loss for Q1 FY2026 was \$1,630,108 compared to a loss of \$178,960 in Q1 FY2024. Gross revenue increased slightly to \$488,876 from \$470,702, but gross profit declined due to a 41% rise in cost of sales. Operating expenses grew to \$632,829 from \$425,540, with the increase driven mainly by higher professional fees, research and development, and finance costs, partly offset by lower salaries and office expenses. As a result, the Company reported a net loss of \$1.63M compared to \$0.18M in Q1 2025, primarily reflecting the one-time listing expense of \$1.21M and higher debt accretion..

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SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED)

The following table presents the Company's gross profit and loss and comprehensive loss over the last eight quarters:

	Q1 July 25	Q4 April 25	Q3 Jan 25	Q2 Oct 24	Q1 July 24	Q4 April 24	Q3 Jan 24	Q2 Oct 23
Gross Profit	212,788	79,459	198,775	270,797	246,534	142,204	160,943	235,321
Net Loss and Comprehensive Loss	-1,630,108	-370,956	-306,307	-413,818	-121,193	-358,606	147,892	-287,649

Q1 July 2025: Gross profit was \$212,788, reflecting stable sales performance. However, the Company reported a record net loss of \$1,630,108, driven primarily by one-time listing expenses of \$1.21M and higher finance costs related to debenture accretion and new borrowings.

Q4 April 2025: Gross profit was \$79,459, reflecting seasonal softness and timing of sales. The net loss widened to \$370,956 due to elevated professional fees, restructuring costs, and debt servicing.

Q3 Jan 2025: Gross profit was \$198,775, slightly below the prior year's peak but supported by Companion Plus and accessory sales during the holiday season. The Company recorded a net loss of \$306,307, reflecting higher professional fees, regulatory compliance costs, and operational ramp-up tied to its public listing process.

Q2 Oct 2024: Gross profit peaked at \$270,797, driven by strong dealer and institutional (VA) orders. While operating costs were contained, the Company incurred a non-cash share-based compensation expense of \$329,734 related to 798,000 options issued during the quarter.

Q1 July 2024: Gross profit was \$246,534, supported by continued Companion Plus adoption. The net loss of \$121,193 reflected increased staffing and scale-up costs as the Company prepared for regulatory and listing requirements.

Q4 April 2024: Gross profit declined to \$142,204, due to seasonal weakness and inventory adjustments. The Company posted a net loss of \$358,606, reflecting certification, product testing, and FDA pre-submission expenses.

Q3 Jan 2024: Gross profit was \$160,943, a seasonal improvement from the prior quarter. The net loss of \$147,892 reflected rising R&D and logistics expenses, partially offset by revenue growth.

Q2 Oct 2023: Gross profit reached \$235,321, supported by OEM and North American dealer sales. The Company limited its net loss to \$287,649, reflecting disciplined spending and improved operational efficiency.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2025, the Company had cash and cash equivalents of \$1,520,767, a significant increase from \$54,534 as at April 30, 2025. The increase reflects the release of subscription receipts and equity financings completed in connection with the reverse takeover transaction. At the same time, restricted cash of \$3,503,470 at April 30, 2025 was eliminated as funds held in escrow were converted into common shares and warrants upon transaction closing.

Working Capital Position

Working capital improved materially, with total current assets of \$2.45 million compared to \$4.17 million at year-end, and total liabilities decreasing to \$1.13 million from \$7.33 million. The reduction in liabilities was primarily driven by:

- The conversion of \$1.26 million in convertible debentures and \$281,000 of accrued debenture interest into equity;
- The elimination of \$3.5 million in subscription receipts; and
- A reduction in accounts payable and accrued liabilities to \$320,566 from \$1.31 million, following settlement of professional and transaction-related costs.

As a result, shareholders' equity improved from a deficit of \$(3.16) million at April 30, 2025 to a positive equity position of \$1.32 million at July 31, 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Debt Management and Loan Movements

The Company continues to manage a modest debt structure, with the following changes noted during the quarter:

- Convertible debentures were fully extinguished through conversion to equity, eliminating \$1.26 million of principal and \$281,000 of accrued interest.
- Bank indebtedness of \$144,000 outstanding at April 30, 2025 was repaid in full.
- Promissory notes increased slightly to \$348,699 (April 30, 2025 – \$329,462), reflecting accrued interest and refinancing adjustments.
- Bank loans decreased marginally to \$143,034 from \$152,461, consistent with scheduled repayments.
- Canada Emergency Business Account (CEBA) loan increased slightly to \$50,348 from \$47,915, reflecting accretion of the forgivable portion.
- Shareholder loans decreased to \$39,411 (April 30, 2025 – \$298,539), reflecting partial repayments and conversions.
- Other loans of \$75,000 outstanding at April 30, 2025 were fully repaid during the period.

Overall, the Company's debt load was reduced significantly during Q1 2026, with a shift toward equity financing improving the balance sheet and reducing ongoing interest obligations.

Cash Flow Summary

For the three months ended July 31, 2025, the Company used net cash of \$1,545,092 in operating activities (2024 – \$43,750). The higher outflow reflects the net loss of \$1.63M offset by non-cash adjustments such as RTO listing expense (\$1.02M), accretion (\$131K), and amortization (\$39K), as well as significant reductions in accounts payable and increases in inventories and prepaid expenses.

Investing activities used \$6,848 (2024 – \$2,835), primarily for equipment purchases.

Financing activities provided net cash of \$482,077 (2024 – inflow of \$53,213), reflecting repayment of shareholder and bank loans, repayment of bank indebtedness, share issue costs, and modest new advances, partly offset by \$1,912 in cash acquired through the RTO.

Overall, the Company reported a net decrease in cash of \$2.03M (2024 – increase of \$6,628), leaving an ending cash balance of \$1.52M plus restricted cash of \$3,221 at July 31, 2025.

Liquidity improved materially as liabilities were reduced through debt-to-equity conversions and repayment of short-term borrowings. The Company now maintains a stronger equity base and cash position, though continued operating losses highlight the need for careful cash flow management and potential reliance on future financings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers. For the three months ended July 31, 2025, and 2024, the compensation awarded to key management personnel are \$Nil.

Due to related parties:

As at July 31, 2025 and April 30, 2024 amounts due to related parties include:

	July 31, 2025 \$	April 30, 2025 \$
Due to related parties - directors	39,411	328,433
Promissory note - directors	-	145,000
	39,411	473,433

Advances from shareholders are unsecured, non-interest bearing and have no fixed terms of repayment, and the shareholders have given an undertaking not to demand repayment within next year. During the period, the company made repayment of \$114,129 (April 30, 2025: \$174,894).

The Company issued unsecured promissory notes of \$145,000 to the shareholders with no specific repayment terms anytime after December 11, 2022 which was repaid in July 2025. A total of \$2,161 (July 31, 2024: \$2,900) interest was accrued as of July 31, 2025.

IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates, changes in significant accounting policies and new standards and interpretations that have not yet been adopted under IFRS are disclosed in the audited annual financial statements for the year ended April 30, 2025.

ADOPTION OF NEW ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICIES

Standards issued but not yet effective

Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (ESG)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at FVOCI and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the financial statements.

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted.

The amendments are not expected to have a material impact on the Company's financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ADOPTION OF NEW ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgments, Estimates, And Assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Key areas involving significant estimates and judgments include:

Useful life of furniture and other equipment and intangible assets - The Company reviews the estimated useful lives of the furniture and other equipment, intangible assets at the end of each year. Management has determined no change in the useful lives. Intangible assets and furniture and other equipment with finite lives are amortized on a declining basis method over their expected useful life once the asset is available for use. Estimates of useful lives are based on data and information from various sources including industry practice and historic experience. Factors considered include technical, technological, commercial or other types of obsolescence and typical product life cycles for the asset. Although management believes the estimated useful lives of the Company's intangible assets and furniture and other equipment, are reasonable, changes in estimates could occur, affecting the expected useful lives and salvage values of the assets.

Inventories- Management is required to assess whether a write-down of inventory is required in situations where the selling price of inventory is less than its cost.

Fair value measurement of non-interest-bearing debt - The Company has estimated, on initial recognition, the fair market value of certain debts that do not have a defined coupon rate, using a comparative interest rate for similar liabilities and a discounted cash flow to determine a reasonable present value.

Expected credit losses (ECL) - ECLs are estimated for trade and other receivables based on historical experience and forecasted economic conditions, taking into considerations of a range of factors, including the age of the receivables and the creditworthiness of the counterparties. Determining the recoverability of an account involves estimates and assumptions, changes in which could result in different results.

Impairment of non-financial assets - Determining whether an impairment has occurred requires the valuation of the respective assets or CGU's, which the Company estimates the recoverable amount using discounted cash flow models. The key estimates and assumptions used include revenue growth and discount rate. These estimates are based on past experience and management's expectations of future changes in the market and forecasted growth initiatives.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

CONTINGENT LIABILITIES

There are no contingent liabilities of the Company.

OFF-FINANCIAL POSITION ARRANGEMENTS

As at July 31, 2025, the Company has no off-financial position arrangements.

GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at July 31, 2025, the Company had a working capital deficit of \$1,779,264 (April 30, 2025 – deficit of \$2,745,023) and an accumulated deficit of \$5,957,116 (April 30, 2025 – \$4,373,798). The Company has sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOING CONCERN ASSUMPTION (CONTINUED)

external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favorable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

FINANCIAL INSTRUMENTS

Instrument Type	July 31, 2025	April 30, 2025	Classification
Cash	\$1,520,767	\$54,534	Financial Asset
Restricted Cash	\$3,221	\$3,503,470	Financial Asset
Trade Receivables	\$277,480	\$194,491	Financial Asset
Accounts Payable	\$320,566	\$1,308,577	Financial Liability
Bank Indebtedness	–	\$144,000	Financial Liability
Bank Loans	\$143,034	\$152,461	Financial Liability
Advances from a Service Provider	\$117,591	\$98,925	Financial Liability
Canada Emergency Business Account Loan	\$50,348	\$47,915	Financial Liability
Convertible Debentures	–	\$1,263,832	Financial Liability + Equity Component
Shareholder Loans	\$39,411	\$298,539	Financial Liability
Subscription Receipts	–	\$3,500,000	Financial Liability
Promissory Notes	\$348,699	\$329,462	Financial Liability

The Company adopts a conservative approach to financial risk management, emphasizing stability and transparency in its financial practices. The Company does not hold or issue derivative financial instruments and does not engage in hedging activities.

All financial instruments are measured at amortized cost, except for the equity component of convertible debentures, and none are carried at fair value through profit or loss in accordance with IFRS 9, which is classified as a separate component of equity. The fair values of financial assets and liabilities approximate their carrying values due to their short-term nature or floating interest rates.

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT SEPTEMBER 29, 2025)

Outstanding common shares:	19,629,070
Outstanding share options:	1,198,825
Outstanding warrants:	2,699,999

RISK AND UNCERTAINTIES

An investment in the common shares of the Company should be considered highly speculative. Cheelcare is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK AND UNCERTAINTIES (CONTINUED)

Financial Risks:

The Company is exposed to the following financial risks:

- **Credit Risk:** Credit risk arises from the potential that counterparties fail to meet their obligations. The Company manages this risk by conducting regular credit reviews and working with established customers. The Company's exposure is primarily through trade receivables, which are monitored for impairment.
- **Liquidity Risk:** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk by preparing cash flow forecasts, maintaining adequate cash balances, and securing access to capital through debt and equity markets.

Contractual maturities of financial liabilities (including capital and interest) are as follows:

Contractual obligations as at July 31, 2025	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Accounts payables and accrued liabilities	320,566	320,566	-	-	-
Bank indebtedness	-	-	-	-	-
Bank loans	143,034	37,692	62,232	43,110	-
Canada emergency business account loan	50,348	-	50,348	-	-
Advances from a service provider	117,591	117,591	-	-	-
Total contractual obligations	631,539	475,849	112,580	43,110	-
					0

Contractual obligations as at April 30, 2025	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Accounts payables and accrued liabilities	849,857	849,857	-	-	-
Bank indebtedness	145,000	145,000	-	-	-
Bank loans	152,220	31,115	62,232	53,878	4,995
Due to shareholder	473,433	473,433	-	-	-
Convertible debenture	1,061,743	1,061,743	-	-	-
Canada emergency business account loan	44,806	-	44,806	-	-
Advances from a service provider	71,966	71,966	-	-	-
Total contractual obligations	2,799,025	2,633,114	107,038	53,878	4,995

- **Currency Risk:** The Company faces significant foreign exchange risk due to its cross-border operations. In the three months ended July 31, 2025, over 50% of revenue and approximately 40% of the cost base were denominated in U.S. dollars (USD). While this creates a partial natural hedge, timing mismatches between U.S. dollar inflows and outflows expose the Company to currency volatility. A stronger Canadian dollar may reduce the value of U.S.-sourced revenues, compressing margins, while a weaker Canadian dollar increases the cost of U.S.-based inputs. The Company does not currently hedge its currency exposure but actively monitors exchange trends and continues to evaluate hedging strategies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK AND UNCERTAINTIES (CONTINUED)

Intellectual Property Risk:

The Company's success depends in part on its ability to protect its intellectual property, including patents and proprietary technology. Any challenge, opposition, or lapse in protection could affect the competitive position of its products. The Company actively monitors its IP portfolio and engages legal counsel to protect and enforce its rights.

Manpower Risk:

As a small and specialized team, the Company is reliant on a limited number of key personnel. Inability to attract or retain qualified staff, particularly in regulatory, engineering, or commercial functions, could affect operational continuity.

Environmental and Product Liability Risk:

The Company must comply with environmental laws and safety regulations applicable to the manufacture and sale of mobility devices. Any failure to comply could lead to liability, fines, or reputational damage. The Company maintains internal compliance protocols and product testing standards.

U.S. Market Risk:

A significant portion of the Company's growth strategy involves expansion into the U.S. market. This exposes the Company to changes in healthcare reimbursement policy, regulatory delays, and geopolitical uncertainties. Management continues to engage local consultants and adapt its strategy in response to U.S. market dynamics.

Competition

The industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of distribution contracts and product innovation [EDIT: Adjusted to Cheelcare industry context] as well as for recruitment and retention of qualified employees.

Conflicts of interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting assistive mobility products [EDIT: Adjusted to Cheelcare industry context]. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Industry conditions

The Company operates in the competitive assistive mobility device sector, which is subject to rapid technological change, pricing pressures, and evolving customer expectations. Delays in innovation, shifts in funding priorities by healthcare providers, or increased competition from larger or better-capitalized players may adversely affect market share. The Company continually monitors industry trends and invests in R&D to maintain product relevance and competitive positioning.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK AND UNCERTAINTIES (CONTINUED)

Uninsured risks

Certain extraordinary events or liabilities may not be fully covered by the Company's insurance policies, including unforeseen litigation, product liability claims, or environmental incidents. Although the Company maintains general liability and product insurance, these policies may not be sufficient to fully protect against all potential losses. Inadequate coverage or failure to obtain insurance for specific exposures could materially affect the Company's financial position.

Capital needs

The Company's continued operations and growth depend on timely access to equity and debt financing. While a recent \$3.5 million private placement improved liquidity, future product development, regulatory approvals, and commercialization efforts will require substantial ongoing capital. Inability to raise funds on favorable terms or at all could delay milestones and compromise the Company's strategic initiatives.

Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and operating personnel. The Company faces competition for personnel from other employers.

(S) "Eugene Cherny"

Director