



INEO Tech Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at and for the three months ended September 30, 2025 and 2024

PREFACE

The following is a Management's discussion and analysis ("MD&A") of INEO Tech Corp. (INEO), prepared as of November 28, 2025. This MD&A should be read in conjunction with the Company's consolidated financial statements as at and for the three months ended September 30, 2025, and 2024 (the "Consolidated Financial Statements").

INEO is a Canadian company, incorporated initially as Metron Capital Corp ("Metron") under the laws of the Province of British Columbia on March 4, 2008. On January 24, 2020, Metron completed a reverse takeover transaction with INEO Solutions Inc. ("INEO Solutions"), carried out by way of a share exchange ("RTO Transaction"). As part of the RTO Transaction, Metron changed its name to "INEO Tech Corp.". INEO Tech Corp. transacts all its business through its wholly-owned subsidiary, INEO Solutions Inc.

The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "**INEO**" and on the OTCQB Venture Market under the ticker symbol "**INEOF**." The Company's corporate head office and records office are at 301 – 19055 54 Avenue, Surrey, B.C. V3S 4R1.

The unaudited consolidated financial statements, have been prepared in accordance with the IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") – see note 2 of the Consolidated Financial Statements as at and for the three months ended September 30, 2025, and 2024 for further information. Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars (\$ or Cdn\$).

This MD&A contains forward-looking statements. See the forward-looking statements below for further information. See the section "Discussion of Operations – Gross Profit & Gross Margin" for details on calculating gross profit and gross margin.

FORWARD-LOOKING STATEMENTS

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain. Actual achievements of the Company may differ materially from those reflected in forward-looking statements due to various risks, uncertainties, and other factors. The Company's forward-looking statements are based on the beliefs, expectations, and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations, or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

The Company's policy is that all forward-looking statements are based on the Company's beliefs and assumptions and information available when these assumptions are made. The forward-looking statements contained herein are as of November 28, 2025, and are subject to change after this date. The Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is a significant risk that the forward-looking information or statements may not be achieved. The underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions, and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties, and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

BUSINESS OVERVIEW

INEO is the inventor and operator of the *INEO Media Network* for retailers. It provides retail analytics and targeted advertising through its cloud-based Internet of Things (IoT) and Artificial Intelligence (AI) technology. *INEO Media Network* is based on the Company's breakthrough product, the *INEO Welcoming Pedestal*, the first system that combines traditional retail security tag readers with digital advertising screens to target messages to shoppers as they enter and exit a retail establishment.

The combination of retail loss prevention with digital advertising is a key proprietary innovation patented by the Company shortly after its inception. This key innovation enables the Company to put bright, bold digital signage inside of loss prevention systems at the front entrance of retail stores. The Company's technology displaces the antiquated, legacy retail loss prevention systems most retailers use to prevent theft, also known as Electronic Article Surveillance (EAS) systems. Traditionally, retailers have had limited choices for loss-prevention systems – typically consisting of a standalone tag-detection system at the retailer's front door. INEO has patented and developed a system that replaces these legacy systems with a combined loss-prevention, digital signage, and data-capture kiosk – the key component of the *INEO Media Network*.

The *INEO Media Network* has three pillars: *Data, Analytics & Advertising*. As part of its unique combination of patented technology and its prime location at the front entrance of a retailer, the *INEO Media Network* is a valuable source of AI-enabled *Data* - captured from all users that pass through the entry/exit of a retail establishment. The *Data* is then coupled with *Analytics* processing to provide insight to the retailers to assist them with their decision-making processes. Finally, from its unique integration with patented digital signage, the *INEO Media Network* provides a prime vehicle to display targeted *Advertising* directly to consumers as they enter a retail establishment.

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In addition to the *INEO Welcoming Pedestal*, the Company has extended its product line with four additional devices: the patent-pending *INEO Welcoming Pedestal DUO* – a pedestal with a screen on both sides; the *INEO Welcoming Player* (for additional locations throughout a retailer); the patent-pending *INEO GATE* – a loss prevention pedestal with fixed messaging such as corporate identification; and the *INEO Welcoming Greeter* – a standalone pedestal-based advertising display.

INEO has a worldwide partnership agreement with Prosegur EAS USA Inc., a wholly owned subsidiary of Prosegur Compania de Seguridad (collectively “Prosegur”). Prosegur is a multi-national security solutions company headquartered in Madrid, Spain, with a growing EAS business in the United States (US). As part of the partnership agreement, Prosegur will be responsible for funding, manufacturing, distribution, in-store setup, and in-store maintenance of INEO’s Welcoming Systems, which Prosegur has branded as “EVO.” INEO will be responsible for online provisioning, operating, and managing the *INEO Media Network*. Under the terms of the agreement, Prosegur is also granted the right to fund and prosecute intellectual property rights and protection, on INEO's behalf, for the Company's proprietary patented technology.

On December 19, 2024, Global Security Solutions, LLC, acquired the business of Prosegur EAS USA, LLC through a corporate spin-off of Prosegur’s EAS and RFID division. Global Security Solutions, LLC helps retailers reduce losses and improve their inventory accuracy through proven electronic article surveillance (EAS) and radio-frequency identification (RFID) solutions. There will be no material changes in the partnership and business operations as a result of the corporate spin-off.

INEO also has launched a licensing initiative. On January 13, 2025, INEO announced it had signed a strategic technology partnership with Sensormatic Solutions, a global leader in retail solutions and part of Johnson Controls. This collaboration will integrate INEO's patented Welcoming System technology with Sensormatic Solutions' industry-leading loss prevention tools. As part of the agreement, Sensormatic Solutions will incorporate INEO's loss prevention and digital display technologies into its storefront EAS and RFID-based exit systems. This integration aims to improve customer engagement while addressing shrinkage and defend against organized retail crime. The Company also entered into a license agreement on May 27, 2025, with BON Intelligence (“BON”), a company affiliated with Coenda Investment Holdings Corp. (“Coenda”). The license agreement grants BON a license to produce and sell and receive support from INEO for the INEO Welcoming System.

Business Model

The Company generates and will generate revenue through:

- a) Sales of advertising space on the network of Welcoming Systems deployed and owned by INEO;
- b) sales of Welcoming System hardware to distribution partners;
- c) recurring SaaS/subscription/network access fees on the INEO Welcoming Systems owned by deployed at certain customers;
- d) ongoing sales to retailers of loss-prevention (EAS) systems and consumables; and,
- e) fabrication operations.

The range of ongoing advertising revenue, depends on the number of systems installed in the store. A small independent retailer may have a single-door store entrance and only require one *INEO Welcoming Pedestal*. Conversely, a large retail store may have multiple door entrances with multiple *INEO Welcoming System* products.

Acquisitions

Acquisitions have been a source of revenue, customers, and cash flow for the Company. INEO initially focused on acquiring a customer base in western Canada through the acquisitions of Provent Technology and Newman Loss Prevention Systems. These two tuck-in acquisitions provided the Company with retail customers for its initial testing and roll-out of the liquor store network of almost 140 stores (INEO has recently decommissioned some of these locations as they were not generating revenue. The liquor store network store count now stands at almost 100 locations). INEO built its manufacturing capabilities and expertise through the acquisition of 3-Axis Manufacturing. On January 20, 2022, the Company acquired a US-based e-commerce company, Securitytags.com, to further expand its customer base. Through this acquisition, the Company has gained a customer base in the US through which to expand its network.

Patents and Intellectual Property

The following table lists the patents which have been granted to INEO:

LICENSED PATENTS

Country:	Patent No.:	Title:
US	10,614,691	COMBINATION MEDIA DISPLAY AND ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL
EP	3482377	COMBINED MEDIA DISPLAY AND ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL
CA	2936044	COMBINATION MEDIA DISPLAY AND ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL
HU	HUE060595T2	COMBINED MEDIA DISPLAY AND ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL
US	D1,038,123	ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL WITH TWO-SIDED DISPLAY
CA	3138422	ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL WITH EXTRUDED FRAMEWORK
CA	209208S	ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL

Furthermore, during the third quarter of the financial year end June 30, 2025, the Company has also applied for additional patents for its INEO ORCA, its artificial intelligence driven organized retail crime alert and detection technology and for its technology which delivers real-time notification and display of RFID detected products. The patent applications were filed in Canada as PCT filings.

Significant Historical Events and Milestones

On September 19, 2023, the Company signed an updated commercial agreement with its large national retail and regional liquor store network locations. The updated contracts feature 5-year and 6-year contract lengths, exclusive in-store advertising rights, deployment of additional in-store media screens, the right to assign the ownership of the INEO Welcoming System hardware deployed in the retail stores and the right to assign ownership of INEO's exclusive advertising contracts to a third-party media partner. The updated agreements are expected to position the Company for rapid growth and improved margins.

On September 27, 2023, the Company introduced the INEO ORCA. ORCA, which stands for Organized Retail Crime Alerts, is INEO's latest AI-driven solution and it represents a monumental leap forward in security and crime prevention. By leveraging advanced computer vision and machine learning algorithms, the latest feature of the patented INEO Welcoming System can meticulously analyze stored CCTV footage, captured during loss prevention events, enabling it to detect and recognize patterns associated with organized retail criminal activities.

On October 24, 2023, the Company announced the first shipment of INEO Welcoming Systems, as per the Company's distribution agreement with partner Prosegur Security, for installation at various locations of Jumbo Cencosud in Columbia. As per the agreement, before the end of October, the Company will be selling and shipping a total of 59 systems, comprised of both Welcoming Systems and Welcoming GATEs, which will be installed in four Jumbo retail locations. With approximately 15 systems installed per store, the Company will be managing an immersive in-store retail media network. In addition, it will receive revenue from the sale of the systems as well as ongoing SaaS-based revenues from the deployment of the installed INEO Welcoming Systems.

On December 13, 2023, the Company launched INEO Retail Media. The new operating division aims to drive revenues from advertising and analytics through its growing media network. During the launch, the INEO Media Network targeted to have an annual inventory of more than 2.8 billion annual advertising impressions and 29 million customers. This number is expected to grow to more than 27 billion annual advertising impressions and 250 million customers within the next three years

On August 7, 2024, the Company issued 14 million shares in capital to Coenda, controlled by Kerem Akbas, under the initial tranche of the Company's private placement. The proceeds from this issuance were \$700,000.

On December 18, 2024, the Company issued 46 million shares in capital to Coenda, controlled by Kerem Akbas, under the second tranche of the Company's private placement. The proceeds from this issuance were \$2,300,000.

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On December 28, 2024, 1,394,772 shares were issued as redemption of \$100,000 convertible debentures and \$10,915 interest by conversion.

On January 10 and 30, 2025, additional 4,807,203 shares were issued as redemption of \$362,000 convertible debentures and \$43,132 interest by conversion.

On January 13, 2025, the Company revealed a strategic technology partnership with Sensormatic Solutions, a global leader in retail solutions and part of Johnson Controls. This collaboration will integrate INEO's patented Welcoming System technology with Sensormatic Solutions' industry-leading loss prevention tools. As part of the agreement, Sensormatic Solutions will incorporate INEO's loss prevention and digital display technologies into its storefront EAS and RFID-based exit systems. This integration aims to improve customer engagement while addressing shrinkage and defend against organized retail crime.

On January 14, 2025, the Company issued an additional 20 million shares with total proceeds of \$1,000,000 to Coenda, resulting in Coenda holding an aggregate of 80,000,000 shares.

On April 8, 2025, the Company received a requisition for a general meeting made by Coenda, a shareholder of the Company. The Company has formed a special committee of the Board in consideration of the requisition and settlement of the management concerns made therein. Moreover, the Company has set the requisitioned shareholders meeting on August 8, 2025.

On April 9, 2025, the Company announced a new board member, Cameron Lawrence, CPA, MPAcc. Mr. Lawrence was also nominated and confirmed as the Chair of the INEO Audit Committee. The Company also announced that Dave Jaworski resigned as a Director for professional reasons.

On May 27, 2025 INEO entered into a settlement agreement with Coenda to resolve the matters set out in a notice of requisition of general meeting of shareholders dated April 7, 2025, received by the Company on April 8, 2025, and announced on April 11, 2025.

Under the terms of the agreement, the Company, Coenda, and Coenda's controlling shareholder agreed to a mutual release of claims and Coenda agreed to withdraw the requisition. The Company agreed to: (i) appoint a new Coenda nominated board member, David Eaton, and (ii) commence a search for a new Chief Financial Officer. In addition, for the next two years, Coenda will have the right to participate in any future equity financing to maintain its then current ownership interest in the Company, and Coenda has agreed that it will support management with ordinary business at shareholder meetings, including the election of directors.

As part of the settlement, the Company also entered into a license agreement with BON Intelligence ("BON"), a company affiliated with Coenda. The license agreement grants BON a license to produce and sell, and receive support from INEO for the INEO Welcoming System, in consideration for an initial royalty payment, licensing fees royalty for each unit sold and monthly fees for each unit that is connected to the INEO network. The Company has agreed to escrow software for the next 18 months for the INEO Welcoming System, to be released to BON in the event of insolvency or a change of control. As a related party transaction, the license agreement was approved by the independent members of the Board with the related party recused.

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On August 7, 2025, the Company entered into a settlement agreement with the borrower of a promissory note dated May 3, 2023, whereby all outstanding principal and accrued interest were forgiven.

On August 26, 2025, the Company announced the resignation of two board members, David Eaton and Kerem Akbas.

On September 2, 2025, INEO announced a strategic partnership with Dolphin Digital, a leader in Digital Out-of-Home advertising, to integrate its patented large-screen displays with Dolphin's connected media sales platform, enhancing ad monetization opportunities. This collaboration is expected to expand INEO's reach, streamline operations, and drive incremental advertising revenue in the coming fiscal year.

On September 17, 2025, INEO announced the filing of a new patent application for INEO ORCA (Organized Retail Crime Alerts), further strengthening its intellectual property portfolio across North America and Europe. This latest filing reinforces INEO's leadership at the intersection of loss prevention and in-store retail media, supporting its strategy to capitalize on the growing global demand for integrated retail security and advertising solutions.

Events subsequent to September 30, 2025

On October 9, 2025, the Company announced non-brokered private placement of up to \$500,000 wherein the Company will issue up to 12,500,000 shares at \$0.04 per share.

On October 31, 2025, the Company closed \$239,600 of its previously announced private placement financing. Net proceeds are expected to be used for working capital and general corporate purposes, including support for customer deployments and product development. Securities issued are subject to a four-month-and-one-day hold period under applicable securities laws.

On November 4, 2025, the Company completed the integration of its platform with Dolphin Digital's supply-side marketplace, enabling programmatic access to INEO's entrance and in-store screen inventory through private marketplace deals and standard DOOH buying channels. The integration provides unified delivery reporting, supports targeting features such as dayparting and DMA targeting, and maintains INEO's established creative approval and retailer control processes.

On November 24, 2025, the Company announced a rights offering to shareholders of record on December 2, 2025, whereby each Right entitles the holder to purchase one common share at \$0.01, for expected gross proceeds of up to \$1,683,357. The offering is scheduled to close on or about December 30, 2025. The Company will limit subscriptions to ensure no holder acquires 49.99% or more of the outstanding shares. Proceeds will be used for inventory purchases, customer deployments, current liabilities, and general and administrative expenses.

OPERATIONAL HIGHLIGHTS

The following table highlights operational information for the three months ended September 30, 2025, and 2024. It has been derived from the consolidated financial statements and should be read in conjunction with these statements and related notes.

	For the three months ended September 30	
	2025	2024
Sales	\$288,171	\$278,704
Cost of sales	(162,133)	(166,315)
Gross profit	126,038	112,389
Profit margin	43.7%	40.3%
Total expenses	(825,441)	(693,634)
Other income (expenses)	(113,010)	(97,428)
Net loss and comprehensive loss	(812,413)	(678,673)
Basic and diluted loss per share	(0.01)	(0.01)
Weighted average number of common shares outstanding (basic and diluted)	132,547,500	84,513,274
EBITDA ⁽¹⁾	(504,103)	(461,082)

¹ See the section Reconciliation of Net Loss to Adjusted EBITDA

The Company generated revenue of \$288,171 for the three months ended September 30, 2025, representing an increase of 3.4% compared to revenue of \$278,704 for the three months ended September 30, 2024. The overall increase reflects strong performance in the Loss Prevention segment, partially offset by declines in the Fabrication and Retail media segments. The change in revenue is as follows:

- Loss Prevention revenue increased 17.9%, driven primarily by higher demand for security solutions and repeat customers. This segment's strong growth was the largest contributor to the Company's consolidated revenue increase.
- Fabrication revenue decreased 7.3%, primarily due to lower order volumes and project timing compared to the prior period. The decline in this segment partially reduced the overall revenue growth generated by Loss Prevention.
- Retail media revenue declined 25.4%, reflecting significantly reduced customer capital spending and delays in integration and installation projects, driven by customer-initiated schedule extensions, component lead-time constraints, and slower-than-expected site readiness across several deployments. This segment was the largest negative contributor to consolidated performance.

The Company generated a gross profit of \$126,038 for the three months ended September 30, 2025, representing a net increase of 12.1% compared to a gross profit of \$112,389 for the three months ended September 30, 2024. The improvement was primarily driven by a 31.4% increase in gross profit in the Loss Prevention segment, reflecting enhanced project execution and cost-efficiency initiatives within Loss Prevention further supported margin expansion. Gains in the Loss Prevention segment more than offset margin pressures in the Fabrication and Retail media segments.

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Total Expenses increased by 19% to \$825,441 for the three months ended September 30, 2025, compared to \$693,634 for the three months ended September 30, 2024. The increase is mainly attributable to the increase in remuneration, share-based payment and depreciation of the INEO *Welcoming Systems*. Total expenses are consistent with management expectations.

Reconciliation of IFRS Net Loss to Non-IFRS Adjusted EBITDA

Management uses adjusted EBITDA as a supplemental measure of operating results and believes that this measure provides useful supplemental information to investors. Readers are cautioned that Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization, adjusted to exclude non-cash share-based payment) does not have standardized meanings prescribed by IFRS and is considered a non-IFRS measure. Adjusted EBITDA is a useful supplemental measure of the Company's performance before consideration of how operations are financed, how results are taxed, or how depreciation and amortization affect results. Adjusted EBITDA is not intended to represent net earnings calculated in accordance with IFRS.

Adjusted EBITDA for the three months ended September 30, 2025, and 2024 were as follows:

	For the three months ended	
	September 30	
	2025	2024
Net loss for the period	\$(812,413)	\$(678,673)
Amortization	150,742	115,246
Interest expense	89,708	91,206
Share-based payment	67,859	11,139
Adjusted EBITDA	\$(504,104)	\$(461,082)

OUTLOOK

INEO is now focused on three core initiatives:

1. Generating value and continued focus on expanding media revenue from its large deployment of systems at its large US based office supply customer;
2. Generating hardware sales and recurring fees via sales to large retailers, both directly and via sales partners; and
3. Generating licensing and royalty fees from its new relationship with Sensormatic and BON Intelligence.

DISCUSSION OF OPERATIONS

Sales

The following table summarizes sales information for the three months ended September 30, 2025, and 2024. It has been derived from the consolidated financial statements and should be read in conjunction with these statements and related notes. INEO Operations includes retail media revenue, and loss prevention product revenue. Sales, cost of sales, and gross profit from INEO operations, primarily related to Loss Prevention Operations. Fabrication Operations provides precision CNC cutting, routing, and drilling for a wide variety of customers.

	For the three months ended September 30	
	2025	2024
INEO operations	\$262,089	\$250,560
Fabrication operations	26,082	28,144
Total	\$288,171	\$278,704

INEO Operations generated \$262,089 in sales, representing a 4.6% increase compared with \$250,560 for the same period in 2024, driven by continued demand and stronger operational execution.

Fabrication Operations recorded \$26,082 in sales, a 7.3% decline from \$28,144 in the prior-year period, reflecting lower project volumes and the timing of customer orders.

Gross profit & Gross margin

The following table summarizes gross profit and gross margin information for the three months ended September 30, 2025, and 2024. It has been derived from the consolidated financial statements and should be read in conjunction with these statements and related notes.

	INEO Operations		Fabrication Operations	
	For the three months ended September 30		For the three months ended September 30	
	2025	2024	2025	2024
Sales	\$262,089	\$250,560	\$26,082	\$28,144
Cost of sales	(144,586)	(150,809)	(17,547)	(15,506)
Gross profit	\$117,503	\$99,751	\$8,535	\$12,638
Gross margin	44.83%	39.81%	32.72%	44.90%

INEO Operations generated a gross profit of \$117,503 for the three months ended September 30, 2025, representing an increase of 17.8% compared to a gross profit of \$99,751 for the three months ended September 30, 2024. The gross margin improved by 12.6%, driven by higher revenue and a more favorable product and service mix.

Fabrication Operations generated a gross profit of \$8,535 for the three months ended September 30, 2025, representing a decrease of 32.5% compared to a gross profit of \$12,638 for the three months ended September 30, 2024, primarily due to lower project volumes and the timing of customer orders.

Expenses

The following table summarizes general and administrative expense information for the three months ended September 30, 2025, and 2024. It has been derived from the consolidated financial statements and should be read in conjunction with these statements and related notes.

	For the three months ended	
	September 30	
	2025	2024
Remuneration and benefits (Note 16)	\$166,029	\$158,416
Amortization and depreciation (Note 7, 19)	150,741	115,246
Office expenses	37,435	37,392
Share-based payment (Note 16,18)	72,112	23,432
Accounting and legal	(17,035)	11,367
Rent (Note 20)	18,379	23,030
Insurance	10,631	9,275
Bad debt (Note 4)	-	-
Lease interest (Note 20)	157	749
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$438,449	\$378,907

Total General and Admin Expenses ("G&A") increased by 15.7% to \$438,449 for the three months ended September 30, 2025, compared to \$378,907 for the three months ended September 30, 2024. This is mainly due to the increase in remuneration, share-based payment and amortization of deployed systems during the period.

Net and comprehensive Loss

Net loss for the three months ended September 30, 2025, was \$812,413 or \$0.01 per share compared to a net loss of \$678,673 or \$0.01 per share for the three months ended September 30, 2024. The Company's losses remain generally consistent period-over-period as it devotes its resources to further expanding its media network.

Cash

As at September 30, 2025, the Company had \$11,497 of cash, compared to \$110,909 of cash on June 30, 2025.

Operating activities

Cash used in operating activities for the three months ended September 30, 2025, amounted to \$73,425 (September 30, 2024 - \$511,447), primarily operating activities related to remuneration and benefits and costs associated with the procurement of inventory, raw materials, and installation services.

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Investing activities

Cash used in investing activities for the three months ended September 30, 2025, amounted to \$35,049 (September 30, 2024 – \$159,890). In 2025, the cash outflow mainly pertains to the manufacturing and expansion of the INEO *Media Network* deployed to various stores.

Financing activities

Cash provided by financing activities for the three months ended September 30, 2025, amounted to \$9,062 (September 30, 2024 – \$735,577). In 2025, the cash inflow mainly pertains to the proceeds of the Company's related party loan and advances from related parties. See Note 16 of the consolidated financial statements for details.

Receivables

Trade accounts receivables as at September 30, 2025, was \$270,129 (June 30, 2025 - \$178,720). This account mainly pertains to receivables from customers net of allowance for doubtful accounts amounting to \$8,591 as at September 30, 2025 (June 30, 2025 - \$8,591). The Company generated licensing revenue of \$1,568 (June 30, 2025 – \$206,625) during the three months ended September 30, 2025, from a related party by virtue of significant influence. The corresponding receivable balance of \$208,193 (June 30, 2025 – \$206,625) remained outstanding as at September 30, 2025.

Inventory

Inventory of finished goods held by the Company as at September 30, 2025, was \$247,433 (June 30, 2025 - \$267,012). Finished goods inventory consists of Electronic Article Surveillance products held for resale and decreased inventory results from sold loss-prevention products during the year.

Prepaid expenses

As at September 30, 2025, and June 30, 2025, the Company's prepaid expenses amounted to \$24,967 and \$7,523, respectively. The increase primarily relates to the prepayments made to foreign suppliers.

Payables and other current liabilities

The following table summarizes the Company's accounts payables and other current liabilities as at September 30, 2025, and June 30, 2025. It has been derived from the financial statements and should be read in conjunction with these statements and related notes.

	September 30, 2025	June 30, 2025
Payables and accrued liabilities	\$2,288,195	\$1,800,012
Loans payable to related parties	244,358	206,216
Notes payable	921,260	892,752
TOTAL	\$3,453,813	\$2,898,980

On December 16, 2016, INEO received \$100,000 as a loan, bearing an annual interest rate of 12.5% from an officer of the Company. During the year, INEO received an additional \$54,500 as a loan, bearing an

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annual interest rate of 12.5% from the related parties. Both loans are due on demand and unsecured and proceeds were used for the Company's operating expenses. The additional loan was fully repaid on December 18, 2024.

On July 24, 2024, the Company received \$20,000 from a director, bearing an annual interest rate of 15%. The loan was fully repaid on August 19, 2024.

On August 2025, the company received an additional \$35,000 in total as a loan, bearing an annual interest rate of 12.5% from an officer.

The related party loans are due on demand and unsecured and proceeds were used for the Company's operating expenses. The loans balance as at September 30, 2025, amounted to \$244,358 (June 30, 2025 - \$206,216). During the three months ended September 30, 2025, the Company incurred \$3,142 in interest expense (September 30, 2024 - \$4,855).

Interest payable balance is related to the government grant, note payable, and bank loan payable. Please see "Government Grant", "Note Payable" and "Bank Loan Payable" for details.

Government Grant

Due to the global outbreak of the Novel Coronavirus ("COVID-19"), the federal government of Canada introduced the Canada Emergency Business Account ("CEBA"). CEBA provides eligible businesses with an interest-free loan ("CEBA Loan") of \$40,000. On May 6, 2020, INEO Solutions and FG Manufacturing each received \$40,000 in loans from the Government as part of the CEBA. On December 4, 2020, the federal government of Canada expanded CEBA, and the Company was able to access a second loan of \$20,000 each for INEO Solutions and FG Manufacturing.

The CEBA Loan has an initial term that expires on December 31, 2022, and later extended to January 18, 2024, throughout which the CEBA Loan remains interest-free—repayment will result in loan forgiveness of up to 33% or up to \$20,000. If the balance is not paid on or before January 18, 2024, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 18, 2024. The entire balance must be repaid by December 31, 2026.

On January 18, 2024, the Company's non-interest-bearing CEBA loan from federal government was converted into 3-year term loan at 5% annual interest maturing on December 31, 2026. As at September 30, 2025 the government grant amounted to \$120,000 (June 30, 2025 - \$120,000) and interest payable amounted to \$509 (June 30, 2025 - \$510).

Note Payable

As part of the financing completed on November 17, 2022, INEO obtained an unsecured promissory note of \$1,000,000 from Pathfinder Partners' Fund at an interest rate of 12.0%, interest accrued and paid semi-annually and will mature three years after the date of issue. In connection with the note, the Company issued 1,428,571 bonus shares with a fair value of \$0.12 per unit. The shares issued were considered debt issuance costs, resulting in a discount and amortized using the effective interest method over the credit term of three (3) years with an effective annual interest rate of 19.6%.

Pursuant to the agreement dated June 18, 2025, the Company amended its unsecured promissory note, extending the maturity date to May 17, 2026, and reducing the interest rate to 10%. As part of this debt restructuring, BDC subordinated its previously held General Security Agreement in favor of the lender effective June 18, 2025. The recalculated effective interest is 23.62% over the remaining term of the note. The Company concluded that this was a non-substantive loan modification, and it recorded a modification gain of \$80,673 during the year ended June 30, 2025.

During the three months ended September 30, 2025, the Company incurred \$53,713 in interest expense (September 30, 2024 – \$45,011). As at September 30, 2025, the note payable amounted to \$921,260 (June 30, 2025 – \$892,752) and interest payable amounted to \$278,549 (June 30, 2025 - \$253,344).

Bank Loan Payable

On September 14, 2023, the Company received a secured bank loan amounting to \$350,000 from the Business Development Bank of Canada (BDC). The loan is payable in 72 equal monthly installments starting July 31, 2024, to June 30, 2030. The interest on the loan is equivalent to BDC's Floating Base Rate plus a variance of 7.50% per year. During the three months ended September 30, 2025, the BDC's Floating Base rate is at 6.8% and the Company incurred \$10,495 in interest expense (September 30, 2024 - \$14,198).

On October 23, 2024, the Company's Business Line of Credit with Toronto-Dominion (TD) bank was converted to a business loan amounting to \$19,517. The loan is payable in 60 equal monthly installments starting November 23, 2024 to October 23, 2029. The interest on the loan is equivalent to TD's Prime Rate plus 3.00% per annum. During the three months ended September 30, 2025, the TD's prime rate is at 5% and the Company incurred \$340 in interest expense (September 30, 2024 - \$Nil).

Convertible Debentures

On January 31, 2024, the Company announced an offering of a non-brokered private placement of unsecured convertible debentures in the aggregate principal amount of up to \$700,000. Each Debenture will be convertible into common shares in the capital of the Company (each, a "Share") at a conversion price of \$0.085 per Share for the first year from the date of issuance and thereafter at an adjusted conversion price of \$0.10 per Share until the date which is three (3) years from the date of issuance (the "Maturity Date") and bears interest at the rate of 12.0% per annum for a period expiring on the Maturity Date. In connection with the Offering, the Company paid finders' fees as permitted by the policies of the TSX Venture Exchange (the "Exchange").

On January 11, 2024, it had closed the first tranche of its non-brokered private placement (the "Offering") of convertible debentures (each, a "Debenture") for gross proceeds of \$510,000. Furthermore, the Company incurred \$24,320 on finder's fee and issued 286,116 share warrants related to the convertible debentures. The warrants were valued at \$13,713 using the Black-Scholes Option Pricing Model with the following assumptions: volatility rate of 106.0%, risk-free rate of 3.77%, weighted average life of 3 years.

On February 16, 2024, the Company closed a second tranche of the Offering for gross proceeds of \$60,000. The Company incurred \$4,800 on finder's fee and issued 56,470 share warrants. The warrants were valued at \$2,946 using the Black-Scholes Option Pricing Model with the following assumptions: volatility rate of

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106.0%, risk-free rate of 4.05%, weighted average life of 3 years. The Company also announced it is no longer accepting investment in this Offering.

The finder's fee and share warrants issued were considered part of the debt issuance cost resulting in a discount and amortized using the effective interest method over the credit term of three (3) years with an effective annual interest rate of 17%. During the three months ended September 30, 2025, the Company incurred \$5,788 in interest expense (September 30, 2024 – \$24,276).

As of the three months ended September 30, 2025, the convertible debentures had a remaining principal balance of \$108,000 (June 30, 2025 - \$108,000).

As at September 30, 2025, the convertible debentures amounted to \$90,264 (June 30, 2025 - \$87,718), net of a \$17,736 discount (June 30, 2025 - \$20,282), and interest payable of \$18,311 (June 30, 2025 - \$18,311). The Company allocated \$92,140 to the equity component of the debentures.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes quarterly results information for the previous eight quarters, including the last three months, which ended September 30, 2025. It has been derived from the unaudited interim condensed consolidated financial statements and should be read in conjunction with these statements and related notes.

	30-Sep-25	30-Jun-25	31-Mar-25	31-Dec-24
Total revenues	\$288,171	\$382,311	\$456,001	\$293,254
Net loss	(812,413)	(1,077,817)	(936,512)	(893,584)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23
Total revenues	\$278,704	\$228,751	\$243,341	\$519,619
Net loss	(678,673)	(895,634)	(799,218)	(643,335)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

INEO's revenue for Q1 2026 saw an increase of 3.4%, \$288,171, compared to revenue of \$278,704 in Q1 2025. The increase was primarily driven by strong performance in the Loss Prevention segment. The Company continues to focus on growth opportunities and is bringing forward initiatives to expand its Retail Media segment in the coming months, aiming to capitalize on market demand and enhance long-term revenue diversification.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2025, the Company had not achieved profitable operations and had an accumulated deficit since inception of \$22,733,053. During the three months ended September 30, 2025, the Company had a net loss of \$812,413 and spent \$73,425 cash on operating activities. The Company expects to incur further losses in the development of its business, all of which indicate the existence of material uncertainty that may cast doubt upon the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the ordinary course of business. The Company's ability to continue as a going concern depends on its ability to obtain the necessary financing to develop

and acquire business projects to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has successfully obtained financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will benefit the Company.

During the three months ended September 30, 2025, the Company ended with a cash balance of \$11,497 (June 30, 2025 - \$110,909). Management is committed to ensure that the Company has sufficient liquidity, and ability to access additional capital from external sources. Further, the Company recently launched its new service for licensing during the third quarter. This strategic partnership with Sensormatic and BON Intelligence will continue to generate licensing and royalty revenue until the expiration of the Company's last licensed patent.

The Company has relied on equity and debt financing to fund its operations and acquisitions.

On January 31, 2024, the Company closed its first tranche of convertible debentures with net proceeds of \$485,680. On February 16, 2024, the Company closed a second tranche of convertible debentures with net proceeds of \$55,200.

Subsequent to September 30, 2025, the Company announced a rights offering to existing shareholders to raise additional equity capital. Management considers the rights offering to be a key component of its plan to address the Company's working capital deficiency and near-term funding requirements. While the Company anticipates completing the rights offering, it is not committed or assured as of the date of this MD&A. Failure to complete the rights offering or secure alternative sources of financing would require the Company to significantly curtail operations. These conditions give rise to material uncertainty regarding the Company's ability to continue as a going concern.

The total outstanding common shares is at 162,345,684 as of September 30, 2025. Fully diluted number of shares, inclusive of convertible debentures, stock options and warrants, is 186,675,354 as of September 30, 2025.

TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT

Key Management Compensation

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 has determined that key management personnel comprise executives and corporate officers.

Related party transactions are in the ordinary course of operations and measured at the exchange amount, the amount of consideration established and agreed upon by the related parties. Amounts due to or from related parties are non-interest-bearing and unsecured unless specified.

The following table summarizes related party and management compensation for the three months ended September 30, 2025, and 2024. It has been derived from the consolidated financial statements and should be read in conjunction with these statements and related notes.

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During the three months ended September 30, 2025, the Company's total advances received from the related parties were \$28,636 (September 30, 2024 - \$105,980). Repayments made to the related parties were a total of \$12,036 during the period (September 30, 2024 - \$33,698). As at September 30, 2025, the Company has \$28,636 due to the officers of the Company (June 30, 2025 - \$12,036).

The Company recognized licensing revenue of \$1,568 (September 30, 2024 – \$Nil) from a related party by virtue of and significant influence. As at September 30, 2025, trade receivables from the related party were \$208,193 (June 30, 2025 - \$206,625). In accordance with the executed license agreement, the full amount of licensing revenue is due in December 2025.

	For the three months ended September 30	
	2025	2024
Remuneration and benefits	\$125,000	\$106,250
Share-based payment	11,063	24,133
Total	\$136,063	\$130,383

During the three months ended September 30, 2025, and 2024, the Company had the following transactions with related parties:

- Remuneration and benefits consist of \$43,750 paid to the President, Director, and Corporate Secretary (September 30, 2024 - \$43,750), \$43,750 paid to the CEO (September 30, 2024 - \$43,750), \$18,750 paid to the General Manager (September 30, 2024 - \$18,750) and \$18,750 paid to the interim CFO (September 30, 2024 - \$Nil).
- Share-based payment consists of \$4,754 to the President, Director, and Corporate Secretary (September 30, 2024 – \$6,898), \$4,754 to the CEO (September 30, 2024 – \$6,898), \$1,936 to Steve Matyas (September 30, 2024 – \$2,949), \$Nil to Dave Jaworski (September 30, 2024 – \$4,141), \$Nil to Eugene Syho (September 30, 2024 – \$2,949), \$(176) to David Eaton (September 30, 2024 - \$Nil), \$(2,379) to Kerem Akbas (September 30, 2024 - \$Nil), \$1,472 to Cameron Larence (September 30, 2024 - \$Nil), \$333 to the General Manager (September 30, 2024 - \$298) and \$370 to the interim CFO (September 30, 2024 - \$Nil).

Under the terms of their management agreements, the Chief Executive Officer and President of the Company are entitled to 36 months of base pay if their agreements are terminated without cause.

COMMITMENTS & CONTRACTS

Surrey Warehouse

On March 6, 2020, the Company, through its subsidiary, INEO Solutions Inc, entered into a 5-year lease agreement for leased premises (3,360 sq. ft.) in Surrey, British Columbia, commencing April 1, 2020, and ending on March 9, 2025. The minimum base rent is \$11.75 per sq. ft. per month with an escalation rate of \$0.25 per sq. ft. per month per annum. In accordance with IFRS 16, the Company recognized a right-of-use asset of \$155,260 as at April 1, 2020, equal to the present value of all remaining lease payments. The Company depreciates the right-of-use assets on a straight-line basis over the remaining lease term.

On February 6, 2025, the Company entered into a modification of lease agreement with the landlord to extend the original lease for a period of six months. The minimum monthly base rent is \$7,643 for the six

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months ending on October 31, 2025. The Company recognized a right-of-use asset and recalculated the lease liability over the remaining term. The Company applied a 2.75% incremental borrowing rate at the modification date, based on the 6-month government treasury bill interest rate.

The Company recognized a lease liability equal to the present value of the lease payments over the lease term, using the borrowing rate on the Company's existing loans. As at September 30, 2025, the balance of the current lease liability is \$7,626 (June 30, 2025 - \$30,399).

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

For a description of significant accounting policies, please refer to the Company's unaudited interim condensed consolidated financial statements as at and for the three months ended September 30, 2025, and 2024.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no further proposed transactions as of reporting date other than those previously disclosed in this document.

DIRECTORS

Certain directors of the Company are also directors, officers, and/or shareholders of other companies that may be engaged in the similar business of developing technologies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest they may have in any project opportunity of the Company. If a conflict of interest arises at a board of directors meeting, any director in a conflict will disclose their interest and abstain from voting in the matter(s). 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 the time.

On October 25, 2023, Bernie Ryle resigned as CFO. On the same date, Helen Andaya was appointed CFO.

On May 24, 2024, Helen Andaya resigned as CFO. On the same date, Greg Watkin was appointed CFO.

On October 8, 2024 Kerem Akbas was appointed as a Director.

On January 15, 2025, Eugene Syho resigned as a Director.

On March 9, 2025, Dave Jaworski resigned as a Director.

On April 9, 2025, the Company announced a new board member, Cameron Lawrence, CPA, MPAcc. Mr. Lawrence was also nominated and confirmed as the Chair of the INEO Audit Committee.

On June 19, 2025, the Company appointed David Eaton to the board of directors as part of the settlement agreement with Coenda.

On August 26, 2025, Kerem Akbas and David Eaton resigned as Directors.

On August 28, 2025, Paola Valdecañas was appointed as the interim CFO.

The current Directors and Officers of the Company as of today are as follows:

- Greg Watkin, President, Chairman and Corporate Secretary
- Kyle Hall, Chief Executive Officer
- Steve Matyas, Director
- Cameron Lawrence, Director and Chair of Audit Committee
- Paola Valdecañas, interim CFO

FINANCIAL RISK MANAGEMENT

Fair value risk

The Company's financial instruments consist of cash, accounts and other receivable, notes receivable, payables and accrued liabilities, due to related parties, loans payable, note payable, interest payable, bank loan payable, convertible debentures and government grant.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The levels of the fair value hierarchy are as follows

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: 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: Inputs that are not based on observable market data

Accounts and other receivable, payables and accrued liabilities, interest payable, and loan payable to related parties approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities. The fair value of the loans payable to related parties, note payable, bank loan payable, convertible debentures, and government grants also approximate the carrying value.

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As at September 30, 2025, the Company had the following financial instruments categorized based on the level of hierarchy:

	Level 1	Level 2	Level 3	Total
As at September 30, 2025				
Cash	11,497	-	-	11,498
Accounts and other receivables	-	287,538	-	287,538
Payables and accrued liabilities	-	2,288,195	-	2,288,195
Loans payable to related parties	-	244,358	-	244,358
Interest payable	-	303,960	-	303,960
Bank loan payable	-	298,260	-	298,260
Government grant	-	120,000	-	120,000
Convertible debentures	-	90,264	-	90,264
Note payable	-	921,260	-	921,260
As at June 30, 2025				
Cash	110,909	-	-	110,909
Accounts and other receivables	-	205,559	-	205,559
Payables and accrued liabilities	-	1,800,012	-	1,800,012
Loans payable to related parties	-	206,216	-	206,216
Interest payable	-	272,165	-	272,165
Bank loan payable	-	308,868	-	308,868
Government grant	-	120,000	-	120,000
Convertible debentures	-	87,718	-	87,718
Note payable	-	892,752	-	892,752

Market risk

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

i. Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company's exposure to the risk of changes in foreign exchange rates relates to its operational activities. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company's international sales in the United States (US) and Mexico and purchases of goods and services from foreign companies are denominated in US Dollars and are exposed to foreign exchange fluctuations. Due to these fluctuations, operating results may differ materially from expectations, resulting in significant gains and losses on the remeasurements associated with these transactions. As the Company continues its *INEO Media Network* expansion in the US, the exposure to exchange rate fluctuations also increases.

ii. Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate due to changes in market interest rates. As at September 30, 2025, the Company is exposed to interest rate risks primarily on the floating interest rate corresponding to \$281,880 long-term bank loan with BDC and on the prime rate corresponding to \$16,380 long-term loan with TD bank (see Note 14). A 10% change in interest rates would not result in a material change in profit or loss. The Company's approach to management of interest risk has not changed materially from that of the year ended June 30, 2025.

iii. Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company does not hold any securities or investments which could expose it to stock price volatility.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All of the Company's cash is held through Canadian chartered banks; accordingly, the Company's exposure to credit risk is limited. The Company's GST recoverable are refunds due from the Government of Canada, and the exposure to credit risk on these amounts is considered limited.

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require credit risk analysis specific to each business line. The Company's historic rate of bad debts is low.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits using the lifetime expected loss provision for all accounts receivable. To measure the expected credit losses, accounts receivable are assessed primarily on days past due combined with the Company's knowledge of past bad debts. During the three months ended September 30, 2025, expected credit losses for the Company were \$8,591 (June 30, 2025 - \$8,591).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2025, the Company has a cash balance of \$11,498 n (June 30, 2025 - \$110,909) and current liabilities balance of \$ 3,860,958 (June 30, 2025 - \$3,275,568). The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. As the Company has limited sources of revenue, additional financing is necessary to accomplish its long-term strategic objectives.

CAPITAL STOCK

The Company's authorized capital consists of an unlimited number of common shares without par value. As at September 30, 2025, the Company has 162,345,684 common shares, 14,720,863 stock options, and 8,528,807 warrants issued and outstanding (June 30, 2025 - 162,345,684 common shares, 15,689,613 stock options, and 8,528,807 warrants issued and outstanding).

As of this report's date, the Company has 162,345,684 common shares, 14,720,863 stock options, and 8,528,807 warrants issued and outstanding.

Options

On January 8, 2018, pursuant to the RTO, the Company granted 175,863 options to stockholders of INEO in exchange for the existing INEO options held by said shareholders. Each option is exercisable to acquire one common share for \$0.089. The stock options shall vest based on the terms of the options replaced, which are 25% on January 8, 2019, 25% on January 8, 2020, 25% on January 8, 2021, and 25% on January 8, 2022.

On April 15, 2020, the Company granted 2,750,000 options to directors, officers, and employees with an exercise price of \$0.26 per share, which was subsequently repriced to a weighted average of \$0.22 per share during the year ended June 30, 2025. The Company also granted 500,000 options to a consultant with an exercise price of \$0.35 per share. The stock options shall vest based on 25% on April 15, 2021, 25% on April 15, 2022, 25% on April 15, 2023, and 25% on April 15, 2024. As at September 30, 2025, 500,000 stock options from this issuance were expired.

On October 18, 2020, the Company granted 175,000 stock options to employees with an exercise price of \$0.26 per share, which was subsequently repriced to a weighted average of \$0.10 per share during the year ended June 30, 2025. The stock options shall vest based on 25% on October 18, 2021, 25% on October 18, 2022, 25% on October 18, 2023, and 25% on October 18, 2024. As at September 30, 2025, 75,000 stock options from this issuance were expired.

On June 18, 2021, the Company granted 725,000 stock options to directors, offices, and employees with an exercise price of \$0.26 per share, which was subsequently repriced to a weighted average of \$0.13 per share during the year ended June 30, 2025. The stock options shall vest based on 25% on June 18, 2022, 25% on June 18, 2023, 25% on June 18, 2024, and 25% on June 18, 2025. As at September 30, 2025, 350,000 stock options from this issuance were expired and forfeited.

On July 26, 2021, the Company granted 250,000 stock options to an employee with an exercise price of \$0.26 per share, which was subsequently repriced to a weighted average of \$0.05 per share during the year ended June 30, 2025. The stock options shall vest based on 25% on July 26, 2022, 25% on July 26, 2023, 25% on July 26, 2024, and 25% on July 26, 2025. As at September 30, 2025, 250,000 stock options from this issuance were forfeited.

On October 25, 2021, the Company granted 225,000 stock options to employees with an exercise price of \$0.26 per share, which was subsequently repriced to a weighted average of \$0.05 per share during the

year ended June 30, 2025. The stock options shall vest on the basis of 25% October 25, 2022, 25% on October 25, 2023, 25% on October 25, 2024, and 25% on October 25, 2025. As at September 30, 2025, 225,000 stock options from this issuance were expired and forfeited.

On February 28, 2023, the Company granted 2,880,000 stock options to its directors, officers, and employees with an exercise price of \$0.12 per share, which was subsequently repriced to a weighted average of \$0.11 per share during the year ended June 30, 2025. The stock options shall vest on the basis of 25% on February 28, 2024, 25% on February 28, 2025, 25% on February 28, 2026, and 25% on February 28, 2027. As at September 30, 2025, 915,000 stock options from this issuance were forfeited and expired.

On September 18, 2023, the Company granted 815,000 stock options to its directors, officers, and employees with an exercise price of \$0.05 per share. The stock options shall vest on the basis of 25% on September 18, 2024, 25% on September 18, 2025, 25% on September 18, 2026, and 25% on September 18, 2027. As at September 30, 2025, 285,000 stock options from this issuance were forfeited and expired.

On August 28, 2024, the Company granted 1,430,000 stock options to its directors, officers and employees with an exercise price of \$0.05 per share. The stock options shall vest on the basis of 25% on August 28, 2025, 25% on August 28, 2026, 25% on August 28, 2027, and 25% on August 28, 2028. As at September 30, 2025, 305,000 stock options from this issuance were forfeited.

On February 3, 2025, the Company granted 7,700,000 stock options to its directors, officers and employees with an exercise price of \$0.065 per share. The stock options shall vest on the basis of 25% on February 3, 2026, 25% on February 3, 2027, 25% on February 3, 2028, and 25% on February 3, 2029. As at September 30, 2025, 150,000 stock options from this issuance were forfeited.

On May 27, 2025, the Company granted 300,000 stock options to a director with an exercise price of \$0.05 per share. The stock options shall vest on the basis of 25% on May 27, 2026, 25% on May 27, 2027, 25% on May 27, 2028, and 25% on May 27, 2029.

On June 19, 2025, the Company granted 300,000 stock options to options to a director with an exercise price of \$0.05 per share. The stock options shall vest on the basis of 25% on June 19, 2026, 25% on June 19, 2027, 25% on June 19, 2028, and 25% on June 19, 2029. As at September 30, 2025, 300,000 stock options from this issuance were forfeited.

Stock Options shall expire at the end of the term of the Company Stock Option Plan or 90 days after the Optionee is no longer a director, employee, or contractor of the Company provided the termination is without cause, whichever comes first. As at September 30, 2025, 4,854,613 stock options are exercisable (June 30, 2025 – 4,959,613).

During the year ended June 30, 2025, the Company approved the repricing of certain outstanding stock options to align the exercise prices with the current market value of the Company's common shares. The repricing was undertaken to restore the incentive and retention value of the options for employees and directors, given the decline in the Company's share price. No other terms of the options were modified.

Warrants

On November 17, 2022, the Company issued 7,262,500 common share purchase warrants in connection with the upsized Public Offering. Each warrant entitles the registered holder to acquire one Warrant Share until November 17, 2025, at a price of \$0.19 per Warrant Share. All the common share purchase warrants vested immediately. The warrants were allocated a value of \$nil using the residual value allocation method.

On November 17, 2022, the Company issued 923,721 broker warrants as a finder's fee for the short-form prospectus offering. Each broker warrant entitles the holder to acquire one common share of the Company for an exercise price of \$0.12 for a period of 36 months. All the broker warrants are vested immediately. The broker warrants were valued at \$36,958 using the Black-Scholes Option Pricing Model with the following assumptions: volatility rate of 30%, risk-free rate of 0.19%, weighted average life of 3 years.

On January 31, 2024, the Company issued 286,116 share warrants related to the first tranche of convertible debenture financing. On February 16, 2024, additional 56,470 share warrants were issued related to the second and final tranche of convertible debenture financing.

As at September 30, 2025, the Company has 8,528,807 outstanding and exercisable warrants (June 30, 2025 – 8,528,807).

RISKS AND UNCERTAINTIES

The Company's management believes that the following identified risks are among those that are crucial in understanding the different uncertainties and issues that can impact its business and financial performance. The risks presented below may not be all of the risks that the Company may face. However, it is believed that these factors could cause actual results to be different from expected and historical results. The Company currently competes in a highly competitive market that is rapidly changing. New risks may emerge that the management may not be able to predict and may cause actual results to be different from those contained in any of its forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

Limited Operating History

INEO Solutions began carrying on business in 2016 and to date, has generated all revenue from its legacy businesses. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early

stage of operations.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees such as Greg Watkin and Kyle Hall, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Factors which may Prevent Realization of Growth Targets

The Company is currently in the early development stage. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- non-performance by third-party contractors;
- developing technology is subject to change;
- competition;
- inability to acquire sufficient financing to fund operations;
- cyber-attacks on the Company's operating systems;
- loss of intellectual property rights on its proprietary software;
- increases in materials or labour costs;
- foreign exchange risks and currency fluctuation;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging, or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to defend and costs in defending potential breaches of intellectual property rights;
- inability to attract sufficient numbers of qualified workers; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that the Company may not have the product or sufficient product to meet the anticipated demand or to meet future demand when it arises.

Additional Financing

To execute further growth strategy, the Company may require additional equity and debt financing to support ongoing operations, to undertake capital expenditures, or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on acceptable terms. The Company's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect on future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flow.

If additional funds are raised through further issuances of equity or convertible debenture securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital-raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and pursue business opportunities, including potential acquisitions.

Inability to achieve or obtain profitability

The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Competition

Numerous factors will affect the Company's competitive position, including price. Other companies may decide to enter the space and could have substantially greater financial, marketing, and other resources. Several of these companies may have greater name recognition and well-established relationships with some of the Company's target customers. Furthermore, these potential competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than the Company can offer. The Company may face increasing price pressure from competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services with better performance features than the Company's system.

The Company may face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales, and customer support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and customer support efforts on a competitive basis, which could materially and adversely affect the business, financial condition, and results of operations.

Dependence on Personnel

Due to the technical nature of its business and the dynamic market in which the Company competes, its success depends on its ability to attract and retain highly skilled developers, technology, engineering, managerial, marketing, and sales personnel. In particular, the Company's future success depends in part on the continued services of each of its current executive officers and other key employees. Competition for qualified personnel in the technology space is intense. Management believes that there are only a limited number of persons with the requisite skills to serve in many key positions, and hiring and retaining them is difficult. Losing one or more of these key personnel may significantly affect the Company's sales, operations, technological development, and profits.

Difficulty to Forecast

The Company must rely mainly on its market research to forecast sales, as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize due to competition, technological change, or other factors could adversely affect the business, operations results, and the Company's financial condition.

Variable Revenues / Earnings

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of its Common Shares. Revenues and earnings may vary quarter to quarter as a result of several factors, including the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of technology, possible delays in the manufacture or shipment of current or new products, concentration in the Company's customer base, and possible delays or shortages in component supplies.

Suppliers

The Company has relationships with suppliers and service providers upon which it depends to provide critical components for its products and services. Suppose the Company cannot maintain these relationships or establish relationships with new suppliers or service providers as required. In that case, its products and services' availability, pricing, and quality may be adversely affected, hurting the Company's business, operating results, and financial condition. Relationships with third-party suppliers and service providers expose the Company to such parties' integrity, quality, reputation, solvency, and performance risks.

Operating Risk and Insurance Coverage

The Company has insurance to protect its assets, operations, and employees. While Management believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current operations, such insurance is subject to coverage limits and exclusions. It may not be available for the risks and hazards to which the Company may be exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future, or, if available, that premiums will be commercially justifiable. If they were to incur substantial liability and such damages were not covered by insurance or were more than policy limits, or if it were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

Conflicts of Interest

Certain of the proposed directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Privacy

The Company may be subject to scrutiny and regulation from legislative bodies regarding the information collected within its systems. To reduce this risk, the Company has taken a proactive approach to consumer and data privacy with its "Transparent Privacy Philosophy," which spells out what is done with personal information:

- The Company does not sell, trade, or give away data. That includes name, address, cell phone information, credit cards, facial recognition, or other biometric imprints.
- The Company anonymizes any limited data it collects. That means, no matter what, anyone who gets the data on who enters or leaves a store won't be able to tie it to anyone.
- The Company uses anonymized data to try and build insights into how people shop, how stores operate, and what both parties in that equation might want. However, individual identities are always kept private and confidential.
- The Company adheres to the legislative standards of the privacy acts in all jurisdictions in Canada:
 - a. British Columbia - *Personal Information Protection Act*.
 - b. Alberta - *Personal Information Protection Act*.
 - c. Quebec - *The Privacy Act*
 - d. Canadian *Personal Information Protection and Electronic Documents Act* (PIPEDA) for all other jurisdictions in Canada
- The Company follows the foundational principles of *Privacy by Design*, the Canada-made data privacy protocols set out by former Ontario Privacy Minister Anne Cavoukian, Ph.D.
- All identities of personnel engaging with the company and discussion are always held in complete confidence, following all the above standards.
- The company constantly seeks to be at the forefront of progressive privacy policies and will be transparent about where it sits on this critical and evolving public interest issue.
- Privacy matters to the Company at all times.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Dividends

The Company has no earnings or dividend record and does not anticipate paying dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Limited Market for Securities

The Company's Common Shares are currently listed on the Exchange. However, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained, and an investor may find it challenging to resell any securities of the Company.

Technology

The Company operates in a highly competitive environment where its hardware and other products and services are subject to rapid technological change and evolving industry standards. The Company's future success depends on its ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology, and respond to technological advances in its industry and its customers' increasingly sophisticated needs. The Company's products embody complex technology that may not meet those standards, changes, and preferences. If the Company is unable to respond to technological changes, fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses, which could negatively impact sales, profitability and the continued viability of the business.

Intellectual Property

Despite the Company's proprietary technology patent, unauthorized parties may attempt to copy aspects of its products or obtain proprietary information. Policing unauthorized use of proprietary technology, if required, may be difficult, time-consuming, and costly. If a third party misappropriates the Company's intellectual property, the Company may be unable to enforce its rights. If the Company cannot protect its intellectual property against unauthorized use by others, it could adversely affect its competitive position. The Company may be challenged by allegations of its infringement of the intellectual property of others. There is no assurance that the Company will successfully defend such claims. If it is unsuccessful, there is no assurance that the Company will successfully obtain a license for the intellectual property in question. Intellectual property claims are expensive and time-consuming to defend and, even without merit, may cause delays in introducing new products or services. In addition, the Company's resources could be diverted to defend its rights, which could disrupt its operations.

Proprietary Protection

The Company's success will depend, in part, on its ability to enforce patent rights, maintain the confidentiality of trade secrets and unpatented know-how, and operate without infringing on the proprietary rights of third parties or having third parties circumvent the Company's rights. The Company relies on patented technology, contract, copyright, trademark and trade secret laws,

confidentiality procedures, and other measures to protect its proprietary information. There can be no assurance that the steps taken will prevent misappropriation of the Company's proprietary rights. The competitors could also independently develop technology similar to its technology. Although the Company does not believe that its products or services infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against us, or that any such assertions or prosecutions will not materially adversely affect our business, financial condition, or results of operations. Irrespective of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources concerning the defense thereof, which could adversely affect its business.

Liability Claims

The Company may be subject to claims arising from using its products and services. The Company's products are complex and sophisticated and, from time to time, may contain design defects that are difficult to detect and correct. There can be no assurance that errors will not be found in the Company's products or, if discovered, that it will be able to successfully correct such errors in a timely manner or at all. Correcting such errors and failures could require a significant expenditure of capital. The sale and support of the Company's products and services may entail the risk of substantial product liability or warranty claims in the event of errors or failures. A product liability claim could adversely impact the Resulting Issue's business due to the cost of settlements and the costs of defending such claims.

Credit Concentration and Credit Risk

The Company intends to provide credit to its customers in the ordinary course of operations. Credit risk arises from the potential of a customer or counterparty failing to meet its contractual obligations. The company is exposed to credit risk from its customers regarding its trade receivables and unbilled revenue. Accounts receivable include amounts due from its retail customers, which exposes the Company to non-payment risk. The company estimates probable losses on a continuing basis and records a provision for such losses based on the estimated realizable value. Although the Company will attempt to manage its credit risk exposure, there is no assurance that this provision will be adequate.

Foreign Exchange

As Management anticipates that the Company's business will expand with increased global sales, it is expected that it may be necessary to transact sales in foreign currencies other than Canadian dollars, thus exposing the Company to foreign currency risk.

General Economic Conditions

The Company's results could be adversely affected by changing economic conditions in its operating countries. The market turmoil and tightening of credit in the United States and Europe in 2008 and 2009 led to increased commercial and consumer delinquencies, lack of consumer confidence, cuts in government spending, increased market volatility, and widespread reduction of business activity generally. There can be no guarantees that the countries in which the Company operates will not

experience similar economic conditions, and to the extent such markets experience an economic deterioration, the resulting economic pressure on the Company's customers may cause them to end their relationship with the Company, reduce or postpone current or expected purchase orders for its products, or suffer from business failure, resulting in a decline in our revenues and profitability that could be material. Continued difficult or uncertain economic conditions could adversely affect the Company's revenue and profitability.

Market Demand for Products and Services

The Company's success is dependent on its ability to market its products and services. There is no guarantee that its products and services will remain competitive. There is no guarantee the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services, its growth may be adversely affected.

Market Price and Stock Price Volatility

The market price of the Company's Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, from time to time, stock markets have experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's Common Shares.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows, or earnings. The value of the Company's securities will be affected by such volatility. The company's stock price may also experience significant fluctuations due to operating performance, performance relative to analysts' estimates, disposition or acquisition by a significant shareholder, a lawsuit against the Company, the loss or acquisition of a significant customer or distributor, industry-wide factors and factors other than the operating performance of the Company. These factors, among others, may cause decreases in the value of the Company's Common Shares.

Government Regulations

Although Management believes that the Company has obtained the necessary approvals for the products it currently sells, it may not be able to obtain approvals for future products on a timely basis or at all. In addition, regulatory requirements may change, or the Company may not be able to obtain regulatory approvals from countries where it may desire to sell products in the future. The company may incur additional costs to comply with foreign and state government regulations as it might pertain to specific

issues concerning compliance with local regulations governing its devices, content, privacy, taxation, and other considerations.

Industry Growth

There can be no assurance that the Company's targeted vertical and geographic markets will grow or that the Company will be successful in establishing itself in new vertical and geographic markets. If the various markets in which its products compete fail to grow or grow more slowly than is currently anticipated, or if the Company is unable to establish itself in new markets, its growth plans could be materially adversely affected.

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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they become due. The Company facilitates this in part by maintaining a line of credit with a major Canadian bank.

Accounting Estimates

The Company prepares its consolidated financial statements in Canadian dollars in accordance with IFRS Accounting Standards ("IFRS"). Management makes various estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses for each year presented. The significant estimates include testing for impairment of goodwill and provision for warranty. Changes in estimates and assumptions will occur based on the passage of time and the occurrence of certain events.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS. However, the system of internal controls over financial reporting is not guaranteed to provide absolute assurance about the reliability of financial reporting and financial statements.

Wars and Conflict

The Company has no exposure to investments in Russia, Ukraine, Israel, and the Gaza Strip. The Company currently has no business, investments, customers, or suppliers from Russia, Ukraine or the Gaza Strip. It does, however, have suppliers based in Israel and to date, no disruption in the supply chain has materialized. These current events have given rise to and may continue to give rise to circumstances with the potential to further cause world trade disruptions and rising prices of basic commodities, including oil and power, among others.

Capital Management

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility to preserve its ability to meet financial obligations and continue as a going concern, (ii) maintain a capital structure that allows the Company to pursue the development of its projects and products; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to its underlying assets. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets.