



DelphX Capital Markets Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2025 and 2024

December 1, 2025

DelphX Capital Markets Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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This Interim Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for DelphX Capital Markets Inc., ("DelphX" or the "Company"), for the three and nine months ended September 30, 2025, and 2024.

This document should be read in conjunction with the information contained in the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2025 and 2024 (the "Financial Statements") and the Company's most recent annual financial statements for the years ended December 31, 2024 and 2023 ("Annual Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise noted.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, December 1, 2025, being the date the Company's board of directors (the "Board") approved this MD&A and the Financial Statements.

Additional information about the Company is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.delphx.com.

Company Overview

DelphX is a technology and financial services company focused on bringing a new and exciting opportunity to the structured product and credit market. Through its special purpose vehicle Quantem and its broker-dealer DelphX Services Corp, it enables fixed income dealers to offer new private placement securities which protect against credit rating change risk and facilitate attractive returns.

The Company's primary business objective is to innovate a new and revenue-generating product in the fixed income and structured product market. Bond investment and insurance companies have seen a lackluster ability to protect against risks associated with rating changes. The problem of rating changes, particularly downgrades, is significant, because they cause institutional investors, banks, dealers, pension funds and insurance companies to tie up additional capital to offset potential liabilities within their existing portfolios. Economic and market conditions frequently demonstrate the need for risk mitigation around rating changes, and trading firms require new sources of revenue in product categories which are new and relevant.

To capitalize on this opportunity and address these unmet needs, DelphX has created two proprietary private placement securities solutions that offer both secure risk protection and enhanced returns for currently issued underlying corporate bonds: Collateralized Put Options ("CPOs") and Collateralized Reference Notes ("CRNs").

CPOs are private placement securities which allow loss protection on spread and capital charge changes associated with rating changes. CRNs are private placement securities which collateralize a maximum liability on CPO protection and pay enhanced returns.

CPOs provide value to qualified investors that want to buy protection against the potential downgrade of a specific bond issued by a reference company while CRNs provide another qualified investor, that is interested in underwriting that protection, with returns from both the option premium and the interest earned on the collateral.

All CPOs and CRNs are issued by Quantem, which captures a fee for its services. Securities are collateralized by US Treasuries and held in custody by a third-party custodian bank. At no time does DelphX (or Quantem) hold any securities or funds on behalf of third parties.

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DelphX has introduced its structured-product platform to the institutional buy-side and broker-dealer community as part of its ongoing commercialization efforts. While the Company had previously anticipated near-term adoption and monetization of its initial fixed-income offerings, evolving market conditions have contributed to a longer commercialization timeline than initially expected. Accordingly, the Company has increased its strategic focus on the development and advancement of its Quantem-Crypto-Securities (QCS) program, which extends the Company's fully collateralized CPO/CRN structure to cryptocurrency-related drawdown risk for digital-asset treasuries and hedge funds. The QCS program continues to be actively evaluated by prospective institutional participants, although there can be no assurance that such implementation will occur. In parallel with this work, the Company is further developing its broker-dealer capabilities to support mid-market private-placement opportunities where complementary to its structured-products strategy.

Discussion of Operations

	Three months ended September 30,			
	2025	2024	Change	%
Administration	244,893	271,997	(27,104)	(10)
Legal and regulatory	9,241	88,211	(78,970)	(90)
Interest and bank charges	2,012	2,744	(732)	(27)
Investor relations and public reporting	47,106	63,665	(16,559)	(26)
Marketing and sales	23,179	12,501	10,678	85
Share-based payments	126,750	405,000	(278,250)	(69)
Total operating expenses	453,181	844,118	(390,937)	(46)
Other income	-	-	-	n/a
Loss	(453,181)	(844,118)	390,937	(46)
Foreign currency translation	(63,683)	25,136	(88,819)	(353)
Comprehensive loss	(516,864)	(818,982)	302,118	(37)

	Nine months ended September 30,			
	2025	2024	Change	%
Administration	914,976	1,139,257	(224,281)	(20)
Legal and regulatory	116,409	174,687	(58,278)	(33)
Interest and bank charges	6,538	8,379	(1,841)	(22)
Investor relations and public reporting	125,060	174,113	(49,053)	(28)
Marketing and sales	54,148	38,116	16,032	42
Share-based payments	245,137	2,360,511	(2,115,374)	(90)
Total operating expenses	1,462,268	3,895,063	(2,432,795)	(62)
Other income	-	449	(449)	(100)
Loss	(1,462,268)	(3,894,614)	2,432,346	(62)
Foreign currency translation	1,829	(50,555)	52,384	(104)
Comprehensive loss	(1,460,439)	(3,945,169)	2,484,730	(63)

Comprehensive loss for the three and nine months ended September 30, 2025 decreased from their comparative 2024 periods primarily due to lower administration, legal and regulatory, and investor relations expenses. The prior-year period included elevated spending associated with program development activities, which have now substantially concluded. As the Company transitions from development toward commercial execution, these costs have naturally declined. Correspondingly, marketing and sales expenditures increased in the current period, reflecting the Company's deliberate shift toward commercialization and market engagement.

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Quarterly Highlights

The following financial data for each of the eight most recently completed quarters has been prepared in accordance with IFRS.

	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Operating expenses	453,181	429,111	579,976	877,689
Net loss and comprehensive loss	(516,864)	(359,219)	(584,356)	(1,023,653)
Weighted average number of shares	204,207,139	198,486,491	188,307,266	182,342,885
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Operating expenses	844,118	811,277	2,239,668	705,004
Net loss and comprehensive losses	(818,982)	(835,990)	(2,290,197)	(156,248)
Weighted average number of shares	177,552,004	158,731,795	153,372,485	148,786,754
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.00)

Financial condition

Readers should refer to Note 1 to the Financial Statements regarding the going concern assumption in conjunction with the discussion below.

The following chart highlights significant changes in the Statements of Financial Position from December 31, 2024, to September 30, 2025.

Item	Increase (decrease)	Explanation of change
Cash	22,052	Please refer to the "Cash Flows by Activity" section for a detailed analysis of changes in cash.
Harmonized sales taxes recoverable	(5,654)	The decrease reflects higher HST refunds received during the period from outstanding prior-period filings, combined with lower current-period ITCs due to a greater proportion of spending occurring in U.S. operations that are not subject to HST as part of the Company's product-launch initiatives.
Deposits and prepaid expenses	(20,762)	Prepaid balances decreased as the Company deferred making advance payments to certain vendors and contractors, resulting in lower prepaid service and deposit levels relative to the prior period.
Accounts payable and accrued liabilities	(295,323)	Accounts payable decreased primarily due to the settlement of outstanding prior-year legal, audit, and advisory fees that were outstanding or accrued at year-end.
Share capital	1,683,391	The increase reflects gross proceeds received from private placements during the period, net of issuance costs, and includes the issuance of common shares to settle the commitment-to-issue-shares balance outstanding at December 31, 2024.
Commitment to issue shares	(185,000)	The decrease relates to the issuance of shares during Q1 2025 to settle prior-year shares-for-services obligations.
Contributed surplus	270,987	The increase is primarily attributable to share-based compensation expense recognized during the period, with the remainder resulting from the expiry of finders' warrants.
Warrants	(17,980)	The decrease reflects the exercise and expiry of finders' warrants during the period, partially offset by new finders' warrants issued in connection with private placements. Warrants are recognized at fair value on issuance.
Deficit	(1,462,268)	The increase corresponds to the net loss recorded for the period.
Accumulated other comprehensive income	1,829	Increased primarily due to foreign exchange fluctuations between the Canadian and U.S. dollar on the translation of foreign subsidiaries.

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Liquidity and Capital Resources

On September 30, 2025, the Company had cash of \$76,314 (December 31, 2024 – \$54,262) and a net working capital deficiency of \$2,296,422 (December 31, 2024 – \$2,587,381). Net working capital is a non-GAAP measure and is defined as current assets (cash, harmonized sales taxes recoverable, deposits and prepaid expenses) less accounts payable and accrued liabilities. For additional details, please refer to the “Non-GAAP Measures” section of this MD&A.

Private Placements

During the nine months ended September 30, 2025, the Company completed a series of private placements for total gross proceeds of \$1,523,560 through the issuance of 22,091,761 units. Each unit consisted of one common share and one common share purchase warrant. Warrant terms varied by financing, with exercise prices ranging from \$0.08 to \$0.20 and terms of two to five years. Details of each offering are summarized below:

Date of Closing	Units issued	Subscription Price (\$)	Gross Proceeds (\$)	Warrant Terms	Finders' Fees
January 24, 2025	1,335,000	\$0.12	160,200	1 warrant/unit; \$0.20; 5 years	None
February 21, 2025	2,789,333	\$0.09	251,040	1 warrant/unit; \$0.20; 2 years	None
March 24, 2025	7,276,428	\$0.07	509,350	1 warrant/unit; \$0.08; 5 years	\$4,900 cash + 70,000 finders' warrants (5 yrs, \$0.08)
May 26, 2025	2,151,000	\$0.07	150,570	1 warrant/unit; \$0.20; 5 years	\$3,533 cash + 50,470 finders' warrants (5 yrs, \$0.20)
July 4, 2025	2,540,000	\$0.06	152,400	1 warrant/unit; \$0.08; 2 years	None
August 29, 2025	5,000,000	\$0.05	250,000	1 warrant/unit; \$0.08; 2 years	None
September 9, 2025	1,000,000	\$0.05	50,000	1 warrant/unit; \$0.08; 2 years	None
Total	22,091,761		1,523,560		

After the reporting date, the Company completed three private placements totaling 5.5 million units for aggregate gross proceeds of \$247,000. Units were issued at a price ranging between \$0.04 and \$0.05 with a warrant exercise price between \$0.07 and \$0.08 for two years. In connection with one of the private placements, the Company paid a \$3,500 cash finder's fee and issued 70,000 finder's warrants.

Risk Management

DelphX may be exposed to risks of varying degrees of significance which could affect its ability to achieve its business objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As of September 30, 2025, the Company had \$2,452,945 (December 31, 2024 - \$2,748,269) in liabilities with a maturity of one year or less and a net working capital deficiency of \$2,296,421 (December 31, 2024 – \$2,587,381).

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The Company manages its liquidity risk by reviewing its growth plans on an ongoing basis and sourcing funding through private placements of equity until such time that the Company is able to generate revenue and profits. Refer to note 1 of the Financial Statements for further discussion of going concern.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. These risks include market factors that may have an impact on interest rates, foreign exchange rates, commodity prices and/or stock market movements.

The Company operates in an industry regulated by the Trading and Markets division of the U.S. Securities and Exchange Commission which oversees the FINRA which is responsible for changes in regulations for broker-dealer firms. Changes in regulations could have a significant impact on the Company's operations.

Currency risk

The Company's functional currency is the Canadian dollar. The Company also conducts business in US dollars. Financial assets and liabilities denominated in foreign currencies will be affected by changes in the exchange rate between the functional currency and any foreign currencies. The assets and liabilities primarily affected are cash, accounts payable and accrued liabilities that are denominated in foreign currencies.

Management is exposed to U.S. dollar-denominated payables but does not currently hedge this foreign exchange risk due to its stage of development. The Company continues to monitor this exposure.

The Company's funds are kept in Canadian and US dollars at major Canadian and US financial institutions.

The Company's exposure to foreign currency balances is as follows:

Account	Foreign currency	Exposure (\$Cdn)	
		September 30, 2025	December 31, 2024
Cash	US dollar	47,231	43,693
Accounts payable and accrued liabilities	US dollar	(1,813,141)	(2,054,397)
		(1,765,910)	(2,010,704)

The Company is not currently exposed to any significant credit risk or other market risk.

Cash Flows by Activity

The table below outlines a summary of cash inflows and outflows by activity:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Cash used for operating activities	(289,054)	(700,446)	(1,486,038)	(1,747,036)
Cash provided from financing activities	345,325	849,778	1,506,261	1,895,545
Effect of foreign currency translation	(63,683)	25,136	1,829	(50,555)
Net change in cash	(7,412)	174,468	22,052	97,954

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Cash used in Operating Activities

The significant factors related to cash used for operating activities for both periods were driven by administration and legal and regulatory cash costs.

Cash provided by Financing Activities

Cash provided by financing activities for both periods primarily resulted from subscription proceeds received in connection with several private placements that occurred throughout the reporting periods presented.

Significant Accounting Policies, Judgements and Estimates

The significant accounting policies adopted and applied by the Company, and the significant judgments and estimates are outlined in the Annual Financial Statements.

Related-party transactions and balances.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

Equity transactions

As disclosed in Note 5 to the Financial Statements, private placements completed during the nine months ended September 30, 2025 included the issuance of 830,000 units to related parties for gross proceeds of \$58,350 (2024 – 1,854,166 units for gross proceeds of \$165,000). These issuances were conducted under the same terms and conditions as the offerings described in Note 5.

Key management compensation

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, the chief executive officer, the chief financial officer, the director of operations, and the chief actuary and risk officer. Compensation paid or accrued to key management is detailed below:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Administration	151,513	172,105	458,463	477,841
Share-based compensation	81,750	205,400	152,320	232,425
Compensation to key management	233,263	377,505	610,783	710,266

Outstanding securities

As at the date of this MD&A, DelphX has the following securities outstanding:

Security	Number outstanding
Common shares	213,850,183
Options (Exercisable – 19,389,667)	19,389,667
Warrants	83,160,231
Finders' warrants	1,566,921

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Non-GAAP Measures

Net working capital is a non-GAAP financial measure and is defined as current assets (cash, harmonized sales taxes recoverable, deposits and prepaid expenses) less accounts payable and accrued liabilities. Non-GAAP financial measures do not have a standardized meaning prescribed by generally accepted accounting principles ("**GAAP**") and, therefore, may not be comparable with the calculation of similar measures by other companies. Management uses non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund operations. Non-GAAP measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. Accordingly, this Non-GAAP measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This document contains "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of DelphX or future events related to DelphX which reflect expectations regarding growth, results of operations, performance, business prospects or opportunities or industry performance or trends. Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future, including words or phrases such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "predict", "potential", "continue", "budget", "schedule", "estimate", "forecast" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

These forward-looking statements reflect DelphX's current internal projections, expectations or beliefs and are based on information currently available to DelphX. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which DelphX will operate in the future, including the state of capital markets, the demand for our products, anticipated costs and our ability to achieve goals.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements expressed or implied by the forward-looking statements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, business, economic, capital market, political and social conditions; the ability to manage our operating expenses; regulatory uncertainties; market conditions and the demand for our products; our relationships with our customers and business partners; competition in our industry and our ability to remain competitive; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of intellectual property infringement; our ability to manage working capital; and our dependence on key personnel.

Although DelphX has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause results, performance or achievements to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and, except as may be required by applicable laws, DelphX undertakes no intent or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise.