Cheelcare Inc.

Management's Discussion and Analysis

Six months ended

October 31, 2025

(Second Quarter Financial Year 2026)

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

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

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

The unaudited consolidated financial statements for the six months ended October 31, 2025, and for the six months ended October 31, 2024 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the consolidated financial statements are based on IFRS issued and effective as at October 31, 2025. On December 16, 2025, the Board of Directors approved, for issuance, the interim unaudited consolidated financial statements.

FUNCTIONAL AND PRESENTATION CURRENCY

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

REPORT'S DATE

The MD&A was prepared with the information available as at December 16, 2025.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Cheelcare, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: environmental risks including increased regulatory burdens, supply chain disruptions, adverse operating conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks.

CAUTION REGARDING FORWARD-LOOKING INFORMATION (CONTINUED)

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by

applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

NATURE OF ACTIVITIES:

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

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

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

9302204 Canada Inc. was incorporated pursuant to the provisions of the CBCA on May 21, 2015. Following the amalgamation 1672905-3 Canada Inc. it was reregistered under the same name and business number and continues its operations under the registered name "Cheelcare".

Cheelcare is a company that designs and manufactures innovative mobility devices using advanced robotics focused on improving quality of life for individuals with mobility impairments by delivering innovative, smart mobility solutions. Founded on the principle that technology can dramatically improve accessibility and independence, Cheelcare designs, engineers, and manufactures cutting-edge power-assist devices, safety accessories (cameras with sensors) and complex rehab wheelchairs.

Its current flagship product, the Companion, is a power-assist device that converts a manual wheelchair into a powered unit, enhancing user mobility and quality of life. The Companion Plus is the only front-mounted power-assist device listed on Ontario's Assistive Devices Program (ADP) and Quebec RAMQ program, a key differentiator enabling government-subsidized access for users across the provinces, making it eligible for full reimbursement.

It is distributed through a network of 267 dealers' locations in Ontario, over 250 dealers' locations in the US and by 15 manufacturer's representatives selling directly to Veteran Affairs' Medical Centers across the USA.

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

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

Cheelcare is headquartered in Markham, Ontario. The Company operates through a lean, multidisciplinary organization with expertise in mechanical design, electrical and software engineering, regulatory affairs, and market development. Cheelcare's business strategy emphasizes clinical validation, the development of global distributor partnerships, and scalable in-house assembly to support commercialization of its products. As at October 31, 2025, the Company employed 15 full-time employees and 3 contractors. Subsequent to October 31, 2025, the Company expanded its workforce by five employees to support manufacturing scale-up, regulatory activities, and commercialization initiatives.

Product Line Overview:

Product Name	Description	Market Position / Status
COMPANION	Front-mounted power-assist device for manual wheelchairs. Converts a manual wheelchair into a powered unit to increase mobility and reduce physical strain. US and Canadian patents granted.	Flagship product; listed on Ontario Assistive Device Program, distributed through 300+ dealers locations in Canada. In the US distributed through 15+ independent representatives to VA Medical Centers, and through 250+ dealer locations.
CURIO	Robotic complex rehab power wheelchair integrating patented mechanical design allowing advanced functionality. Targets users with complex mobility impairments. US and Canadian patents granted. Additional patents filed.	In pilot production. Submitted for approval to Assistive Device Program (Ontario); FDA 510(k) pre-market notification in progress.
AWARE	Mobility safety accessories (cameras and sensors)	Sales through dealer network and revenue-generating OEM partnerships. Products integrated in existing mobility devices.

REVERSE TAKEOVER

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

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

On February 24, 2025, DBC entered into a definitive business combination agreement with Cheelcare. The transaction was structured as a reverse takeover ("RTO") pursuant to which DBC, through its wholly owned subsidiary, 1672905-3 Canada Inc. ("Subco"), amalgamated with Cheelcare to form an amalgamated entity

("Amalco"). Upon closing, Amalco became a wholly owned subsidiary of DBC, and the resulting issuer was renamed "Cheelcare Inc." and began trading on the TSXV.

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

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

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

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

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

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

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

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

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

Operational Highlights — Q2 2026

During the second quarter of fiscal 2026, the Company continued to advance its operational, manufacturing, and commercialization initiatives, with a focus on production readiness, facility expansion, and market penetration.

Operations and Manufacturing

- Completed the transition of inventory, equipment, and production lines to the Company's new approximately 16,000 square foot facility. Construction and outfitting activities were completed during August and September 2025, and all operations commenced at the new facility in late October 2025.
- Implemented manufacturing and assembly processes informed by Toyota Production System principles, supported by operational guidance received through the Company's participation in the Mobility Unlimited Hub program.
- Advanced manufacturing readiness initiatives, including the establishment of production workflows and in-house assembly processes at the new facility.
- Commenced pilot production of the Curio product to support validation, process optimization, and initial commercial deployment.

Product Development

- Continued product refinement and validation activities associated with the Curio platform, including manufacturing process validation in preparation for broader commercialization.
- Launched a new version of the Companion product during the quarter. Product updates included the introduction of a SoftLaunch feature, a custom-designed non-marking tire, simplified maintenance requirements, and an expanded range of configuration options. These enhancements were implemented based on customer feedback and are intended to strengthen the Company's product offering in the market.

Industry Recognition and Strategic Support

- In 2024, Cheelcare was selected as one of the inaugural participants in the Mobility Unlimited Hub, a global initiative led by the Toyota Mobility Foundation and MaRS Discovery District focused on advancing mobility solutions for individuals with disabilities.
- Subsequent to this selection, the Toyota Mobility Foundation agreed to support Cheelcare through the provision of complimentary services related to Toyota Production System methodologies to support operational efficiency and manufacturing scalability.

Commercialization and Market Development

- Continued expansion of the Company's dealer and distribution network across North America and internationally.
- As of October 2025, the Company had partnered with over 500 dealer locations globally, including relationships in the United States, Canada, Australia, and select markets in Europe and the Middle East, with a primary focus on the United States and Canada.
- More than 20 U.S. Veterans Affairs Medical Centers carry Cheelcare products.

Human Resources

- Continued to expand operational, manufacturing, and commercialization teams to support increased production capacity and market expansion.

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

REGULATORY AND REIMBURSEMENT UPDATE

Cheelcare's commercialization strategy is supported by a combination of reimbursement pathways and regulatory clearances. During the six months ended October 31, 2025, the Company:

- Submitted the Companion product for Healthcare Common Procedure Coding System (HCPCS) review in the United States. If granted, the HCPCS code would establish a pathway for reimbursement under U.S. healthcare programs.
- Completed ISO 7176, WC-19 crash testing, and EMI testing for Curio and commenced pilot production.
- Submitted Curio to the designated clearance facility under Ontario's Assistive Devices Program ("ADP") and continued engagement with stakeholders relevant to potential reimbursement eligibility.
- Advanced preparations for a U.S. FDA 510(k) submission process for Curio.

Regulatory and reimbursement outcomes, timing, and scope are subject to the applicable review processes and may be influenced by third-party requirements and administrative timelines. Regulatory review timelines and outcomes are subject to third-party review processes and administrative requirements, and there can be no assurance regarding timing or approval outcomes.

KEY OPERATING METRICS (UNAUDITED)

Management monitors the following indicators as measures of commercialization progress and operational readiness:

- **Distribution footprint:** Over 500 dealer locations globally, including over 200 dealer locations in the U.S. and 267 dealer locations in Ontario, and more than 20 U.S. Veterans Affairs Medical Centers carrying Cheelcare products.
- **Manufacturing readiness:** Transition to a 16,000 sq. ft. production facility, with production operations commencing in October 2025.
- **Organizational capacity:** 15 full-time staff and 3 contractors as at October 2025 to support production, engineering, regulatory, and commercialization activities.
- **Systems & quality:** Initiation of an ERP implementation to enhance traceability, compliance, and integrated production planning; continued integration of Toyota Production System principles.

SELECTED FINANCIAL DATA FOR THE SIX MONTHS ENDED OCTOBER 31, 2025 AND YEAR ENDED APRIL 30, 2025

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

	October 31, 2025 $	April 30, 2025 $
ASSETS		
Current assets		
Cash and cash equivalents	**848,605**	**54,534**
Trade and other receivables (note 7)	**423,086**	**194,491**
Inventories (note 8)	**732,136**	**293,810**
Prepaid expenses (note 9)	**54,605**	**44,366**
	2,058,431	**4,090,671**
Non-current assets		
Prepaid expenses (note 9)	**160,200**	**6,879**
TOTAL ASSETS	**2,266,389**	**4,166,087**
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	**784,752**	**1,308,577**
Convertible debentures (note 19)	**-**	**1,263,832**
Other Loan (note 16)	**-**	**75,000**
Due to shareholders (note 18)	**39,940**	**298,539**
Subscription receipt	**-**	**3,500,000**
Current portion of bank loans (note 12)	**37,692**	**37,692**
	1,031,291	**6,835,694**
Non-current liabilities		
Bank loans (note 17)	**95,915**	**114,769**
Canada emergency business account loan	**-**	**47,915**
Promissory notes (note 18)	**368,522**	**329,462**
TOTAL LIABILITIES	**1,495,729**	**7,327,840**
TOTAL SHAREHOLDERS' DEFICIT	**770,661**	**(3,161,753)**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	**2,266,389**	**4,166,087**

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

Financial Position

As at October 31, 2025, the Company reported total assets of $2,266,389, compared to $4,166,087 as at April 30, 2025. The decrease in total assets is primarily attributable to the release and conversion of subscription receipt funds from restricted cash to equity upon completion of the reverse takeover transaction, as well as the utilization of cash resources to fund operating activities.

Assets

Current assets totaled $2,058,431 at October 31, 2025, compared to $4,090,671 at April 30, 2025.

- Cash and cash equivalents increased to $848,605 from $54,534, reflecting the release of escrowed funds following the completion of the reverse takeover and subsequent use of proceeds to settle liabilities and fund operations.
- Trade and other receivables increased to $423,086 from $194,491, primarily due to higher sales activity toward the end of the period and timing of customer collections.
- Inventories increased to $732,136 from $293,810, reflecting increased procurement of raw materials and components in anticipation of pilot production of Curio and future Companion sales growth.
- Prepaid expenses (current portion) increased modestly to $54,605 from $44,366, primarily related to insurance, subscriptions, and operating deposits.

Non-current assets totaled $207,958, compared to $6,879 at April 30, 2025. The increase is primarily attributable to a long-term rent deposit of $160,200 related to the Company's new commercial lease, as well as other prepaid expenses classified as long-term.

Liabilities

Total liabilities decreased significantly to $1,495,729 at October 31, 2025, from $7,327,840 at April 30, 2025. This reduction reflects the substantial deleveraging of the balance sheet following the completion of the reverse takeover and associated financing transactions.

Current Liabilities

Current liabilities totaled $1,031,291, compared to $6,835,694 at April 30, 2025.

- Accounts payable and accrued liabilities decreased to $784,752 from $1,308,577, primarily due to the settlement of accrued interest, professional fees, and other liabilities in connection with the reverse takeover.
- Convertible debentures, other loans, and subscription receipt liabilities, which together totaled $4,838,832 at April 30, 2025, were fully extinguished during the period through repayment and conversion into equity upon closing of the reverse takeover transaction.
- Amounts due to shareholders decreased to $39,940 from $298,539, reflecting repayments made during the period.
- The current portion of bank loans remained unchanged at $37,692.

Non-Current Liabilities

Non-current liabilities totaled $464,438, compared to $492,146 at April 30, 2025.

- Bank loans decreased to $95,915 from $114,769, reflecting scheduled principal repayments.

- The Canada Emergency Business Account loan, which totaled $47,915 at April 30, 2025, was **fully** repaid during the period.
- Promissory notes increased modestly to $368,522 from $329,462, primarily due to accretion of interest in accordance with IFRS accounting requirements.

Shareholders' Equity (Deficit)

As at October 31, 2025, the Company reported total shareholders' equity of $770,661, compared to a shareholders' deficit of $3,161,753 at April 30, 2025. The significant improvement in equity is primarily attributable to:

- The conversion of subscription receipts into common shares and warrants;
- The conversion of outstanding convertible debentures and accrued interest into equity;
- The issuance of shares in connection with the reverse takeover transaction.

These equity transactions more than offset the net loss incurred during the period and resulted in a materially strengthened balance sheet.

SELECTED QUARTERLY FINANCIAL INFORMATION FOR Q2 2026

	Three Months ended	
	October 31, 2025 $	**October 31, 2024 $**
Gross revenue	459,158	510,673
Less: Commission	(67,220)	(79,396)
Net Revenue	**391,939**	**431,277**
Cost of sales	163,798	160,377
GROSS PROFIT	**228,141**	**270,900**
EXPENSES		
Research and development (note 22)	**166,127**	66,589
Professional fees	**187,242**	31,134
Salaries and benefits	**185,592**	58,263
Loan interest	**34,478**	39,985
Amortization and depreciation (notes 8 and 9)	**49,759**	2,161
Automobile and travel	**22,733**	19,426
Office and general	**52,003**	28,508
Occupancy cost	**47,014**	9,755
Bank charges and interest	**18,286**	12,087
Credit card merchant fees	**7,824**	5,783
Insurance	**6,168**	5,800
	806,083	324,959
LOSS FROM OPERATIONS	**(577,943)**	(54,060)
LOSS AND COMPREHENSIVE LOSS	**(547,451)**	(34,060)

Three Months Ended October 31, 2025 Compared to October 31, 2024

For the three-month period ended October 31, 2025, the Company reported gross revenue of $459,158, compared to $510,673 for the same period in the prior year, representing a decrease of $51,515, or 10%. The decline in revenue primarily reflects the timing of product shipments associated with the relocation and commissioning of the new production facility.

Commissions decreased to $67,220 from $79,396, consistent with lower gross revenue. As a result, net revenue for the quarter was $391,939, compared to $431,277 in the prior-year period, representing a decrease of $39,338 (9%).

Cost of sales for the quarter was $163,798, compared to $160,377 in the prior-year period, resulting in gross profit of $228,141, compared to $270,900 in the prior-year period. Gross margin declined to approximately 58% from 63%, reflecting higher manufacturing, logistics, and input costs.

Total operating expenses for the quarter increased significantly to $806,083, compared to $324,959 in the prior-year period, an increase of $481,124 (148%). The increase was primarily attributable to:

- Professional fees of $187,242, compared to $31,134, primarily related to legal, accounting, and advisory costs associated with public company readiness and the reverse takeover transaction.
- Salaries and benefits of $185,592, compared to $58,263, reflecting increased staffing to support operations, product development, and commercialization.
- Amortization and depreciation of $49,759, compared to $2,161, driven by increased capital assets placed into service.

Occupancy costs increased to $47,014 from $9,755, reflecting the commencement of a new commercial lease during the period.

As a result of the foregoing, the Company recorded a loss from operations of $577,943, compared to $54,060 in the prior-year period.

The Company recognized grants received of $25,000, a gain on derivative instruments of $4,731, and other income of $761, compared to other income of $20,000 in the prior-year period.

For the three months ended October 31, 2025, Adjusted EBITDA was $(481,857), reflecting increased investment in manufacturing readiness, regulatory activities, and organizational scale-up.

The Company recorded a net loss and comprehensive loss of $547,451 for the three-month period ended October 31, 2025, compared to a net loss of $34,060 in the comparable period in 2024. Basic and diluted loss per share was $0.03, compared to $0.00 in the prior-year period

SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED)

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

	Q2 Oct 25	Q1 July 25	Q4 April 25	Q3 Jan 25	Q2 Oct 24	Q1 July 24	Q4 April 24	Q3 Jan 24
Gross Profit	228,141	212,788	79,402	198,775	270,900	246,580	142,204	160,943
Net Loss and Comprehensive Loss	-547,451	-1,630,108	-750,714	-306,307	-34,060	-178,960	-358,606	147,892

Q2 October 2025: Gross profit was $228,141, reflecting stable sales performance. However, the Company reported a record net loss of $547,451, driven primarily by higher professional fees incurred in connection with the restructuring and higher developmental costs.

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

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

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

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

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

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

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

SELECTED FINANCIAL DATA FOR THE SIX MONTHS ENDED OCTOBER 31, 2025 AND OCTOBER 31, 2024

	Six Months ended	
	October 31, 2025 $	**October 31, 2024 $**
Gross revenue	**948,034**	981,375
Less: Commission	**(138,114)**	(157,737)
Net Revenue	**809,920**	823,638
Cost of sales	**368,992**	306,158
GROSS PROFIT	**440,928**	517,480
EXPENSES		
Research and development (note 20)	**328,864**	145,928
Professional fees	**301,968**	106,496
Salaries and benefits	**217,653**	121,968
Loan interest	**221,013**	120,632
Amortization and depreciation (notes 8 and 9)	**88,786**	3,665
Automobile and travel	**45,317**	28,620
Office and general	**74,072**	77,427
Occupancy cost	**57,067**	19,441
Bank charges and interest	**46,591**	16,204
Insurance	**13,235**	13,860
	1,438,913	750,500
LOSS FROM OPERATIONS	**(997,985)**	(233,020)
Listing expenses	**(1,214,797)**	-
LOSS AND COMPRHENSIVE LOSS	**(2,177,559)**	(213,020)

For the six-month period ended October 31, 2025, the Company reported gross revenue of $948,034, compared to $981,375 in the comparable prior-year period, representing a decrease of $33,341 (3%).

The decline in revenue primarily reflects the timing of product shipments associated with the relocation and commissioning of the new production facility.

Commissions decreased to $138,114 from $157,737, resulting in net revenue of $809,920, compared to $823,638 in the prior-year period, a decrease of $13,718 (2%).

Cost of sales increased to $368,992, compared to $306,158 in the prior-year period, resulting in gross profit of $440,928, compared to $517,480 in the prior-year period. Gross margin declined to approximately 54% from 63%, reflecting increased material costs, logistics costs, and inventory build-up in anticipation of future sales growth.

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

Total operating expenses for the six-month period increased to $1,438,913, compared to $750,500 in the prior-year period, an increase of $688,413 (92%). The increase was primarily attributable to:

- Research and development expenses of $328,864, compared to $145,928, reflecting continued investment in product development completion.
- Professional fees of $301,968, compared to $106,496, primarily related to legal, accounting, regulatory, and transaction-related costs associated with the reverse takeover and public listing.
- Salaries and benefits of $217,653, compared to $121,968, reflecting workforce expansion.
- Loan interest and accretion of $221,013, compared to $120,632, reflecting accretion on convertible instruments and promissory notes outstanding during the period.
- Amortization and depreciation of $88,786, compared to $3,665, due to increased capital assets.

As a result, the Company recorded a loss from operations of $997,985, compared to $233,020 in the prior-year period.

- **Listing Fees -** In connection with the reverse takeover ("RTO") of Departure Bay Capital Corp. ("DBC") by Cheelcare, the Company recognized listing expenses of $1,214,797 in accordance with IFRS 2 *Share-Based Payment*. Although DBC was the legal parent, it did not meet the definition of a business under IFRS 3, and Cheelcare was deemed the acquirer for accounting purposes. As such, the excess of the fair value of consideration issued by Cheelcare over the net assets of DBC acquired was recorded as a listing expense. The total fair value of consideration amounted to $1,236,297, which included the issuance of 1,500,000 common shares valued at $981,105, 150,000 options valued at $45,000, 66,666 warrants valued at $20,000, and legal costs of $190,192. After recognizing net assets acquired of $21,500 (consisting primarily of cash and receivables offset by accounts payable), the residual balance was expensed as a one-time, non-cash listing cost. This accounting treatment reflects the cost of obtaining the TSXV listing through the RTO structure.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position

As at October 31, 2025, the Company had cash and cash equivalents of $848,605, compared to $54,534 as at April 30, 2025. The increase in cash reflects the release of escrowed subscription receipt proceeds and equity financings completed in connection with the reverse takeover ("RTO") transaction, partially offset by cash used to fund operating activities, settle liabilities, and repay debt during the period.

At April 30, 2025, the Company held restricted cash of $3,503,470, representing subscription receipts held in escrow pending completion of the RTO. Upon closing of the transaction, these funds were released and automatically converted into common shares and warrants, resulting in the elimination of restricted cash and the subscription receipt liability.

Working Capital Position

As at October 31, 2025, current assets totaled $2,058,431, including cash and cash equivalents of $848,605, trade and other receivables of $423,086, and inventories of $732,136. Management attributes the increase in inventories from April 30, 2025 primarily to planned procurement and production-readiness initiatives

LIQUIDITY AND CAPITAL RESOURCES (Continued)

associated with the Company's facility transition and commercialization activities, including pilot production requirements for Curio and inventory availability to support Companion fulfillment.

The Company's working capital position improved materially during the period. As at October 31, 2025, total current assets were $2.06 million, compared to $4.09 million at April 30, 2025, while total liabilities declined significantly to $1.50 million from $7.33 million.

The reduction in liabilities was primarily driven by:

- The conversion of $1.26 million of convertible debentures, together with related accrued interest, into equity;
- The elimination of $3.5 million in subscription receipt liabilities upon completion of the RTO;
- The repayment of bridge and other short-term loans outstanding at April 30, 2025; and
- A reduction in accounts payable and accrued liabilities to $784,752 from $1.31 million, following settlement of professional fees, transaction costs, and accrued interest balances.

As a result, the Company's financial position strengthened significantly, with shareholders' equity improving from a deficit of $(3.16) million at April 30, 2025 to positive equity of $770,661 at October 31, 2025.

Inventories increased to $732,136 as at October 31, 2025 from $293,087 at April 30, 2025. The increase reflects planned procurement and production-readiness initiatives associated with the transition to the Company's new manufacturing facility, pilot production activities for the Curio robotic wheelchair, and inventory availability to support fulfillment of Companion orders. Management expects inventory levels to normalize as production volumes and order fulfillment cadence stabilize.

Debt Management and Loan Movements

During the six-month period ended October 31, 2025, the Company significantly reduced its overall debt burden and simplified its capital structure. Key debt-related movements included:

- Convertible debentures, totaling $1.26 million of principal plus accrued interest, were fully extinguished through conversion into equity, eliminating future interest and repayment obligations associated with these instruments.
- Bank indebtedness of $144,000 outstanding at April 30, 2025 was repaid in full.
- Other loans totaling $75,000 outstanding at April 30, 2025 were fully repaid during the period.
- Amounts due to shareholders declined to $39,940 from $298,539, reflecting repayments made during the period.
- Bank loans decreased modestly to $133,607, consisting of $37,692 classified as current and $95,915 classified as non-current, reflecting scheduled principal repayments.
- The Canada Emergency Business Account (CEBA) loan, which totaled $47,915 at April 30, 2025, was fully repaid during the period.
- Promissory notes increased to $368,522 from $329,462, primarily due to the accretion of interest in accordance with IFRS accounting requirements.

Overall, the Company's debt profile was materially reduced, with a strategic shift toward equity financing improving the balance sheet, reducing leverage, and lowering ongoing interest obligations.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Cash Flow Summary

For the six months ended October 31, 2025, the Company used $2.08 million of cash in operating activities, compared to $0.03 million in the comparable period in 2024. The operating cash outflow primarily reflects the net loss of $2.18 million, partially offset by non-cash items including $1.02 million of listing expenses, $0.10 million of accretion, and $0.09 million of amortization and depreciation, as well as working capital changes. Excluding one-time RTO listing costs, the Company's operating loss reflects increased investment in production readiness and regulatory advancement.

Cash used in investing activities was $0.07 million (2024 – $0.00 million), primarily relating to equipment purchases.

Cash used in financing activities totaled $0.56 million (2024 – $0.06 million), reflecting repayments of bank indebtedness, shareholder advances, bank loans, and share issue costs, partially offset by cash acquired on the reverse takeover.

Overall, the Company recorded a net decrease in cash of $2.71 million during the period (2024 – $0.03 million), resulting in cash and cash equivalents of $0.85 million at October 31, 2025.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers. For the six months ended October 31, 2025, the compensation awarded to key management personnel was $75,000.

Due to related parties:

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

	October 31, 2025 $	April 30, 2025 $
Due to related parties - directors		328,433
Promissory note - directors	**39,940**	145,000
	-	473,433
	39,940	

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

The Company issued unsecured promissory notes of $145,000 to the shareholders with no specific repayment terms anytime after December 11, 2022 which was repaid in July 2025. A total of $2,161 (October 31, 2024: $9,147) interest was accrued as of October 31, 2025.

IFRS ACCOUNTING POLICIES AND ESTIMATES

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

Significant Accounting Judgments, Estimates, And Assumptions

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

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

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

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

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

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

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

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

CONTINGENT LIABILITIES

There are no contingent liabilities of the Company.

OFF-FINANCIAL POSITION ARRANGEMENTS

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

GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at October 31, 2025, the Company had a working capital of $1,027,139 (April 30, 2025 – deficit of $2,745,023) and an accumulated deficit of $6,504,568 (April 30, 2025 – $4,373,798). The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favorable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

FINANCIAL INSTRUMENTS

Instrument Type	October 31, 2025	April 30, 2025	Classification
Cash	$848,605	$54,534	Financial Asset
Restricted Cash	$0	$3,503,470	Financial Asset
Trade Receivables	$423,086	$194,491	Financial Asset
Accounts Payable	$784,752	$1,308,577	Financial Liability
Bank Indebtedness	0	144000	Financial Liability
Bank Loans	$133,607	$152,461	Financial Liability
Advances from a Service Provider	$51,101	$98,925	Financial Liability
Canada Emergency Business Account Loan	$0	$47,915	Financial Liability
Convertible Debentures	0.3	1263832	Financial Liability + Equity Component
Shareholder Loans	$39,940	$298,539	Financial Liability
Subscription Receipts	0	3500000	Financial Liability
Promissory Notes	$368,522	$329,462	Financial Liability

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

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

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

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

RISK AND UNCERTAINTIES

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

Financial Risks:

The Company is exposed to the following financial risks:

- **Credit Risk**: Credit risk arises from the potential that counterparties fail to meet their obligations. The Company manages this risk by conducting regular credit reviews and working with established customers. The Company's exposure is primarily through trade receivables, which are monitored for impairment.

- **Liquidity Risk**: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk by preparing cash flow forecasts, maintaining adequate cash balances, and securing access to capital through debt and equity markets.

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

Contractual obligations as at October 31, 2025	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Accounts payables and accrued liabilities	784,752	784,752	-	-	-
Bank loans	133,607	37,692	62,232	33,683	-
Advances from a service provider	51,101	51,101	-	-	-
Total contractual obligations	969,460	873,545	62,232	33,683	0

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

RISK AND UNCERTAINTIES (CONTINUED)

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

Intellectual Property Risk:

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

Manpower Risk:

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

Environmental and Product Liability Risk:

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

U.S. Market Risk:

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

Competition

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

Conflicts of interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company

RISK AND UNCERTAINTIES (CONTINUED)

and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Industry conditions

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

Uninsured risks

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

Capital needs

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

Key employees

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

"Eugene Cherny"

Director