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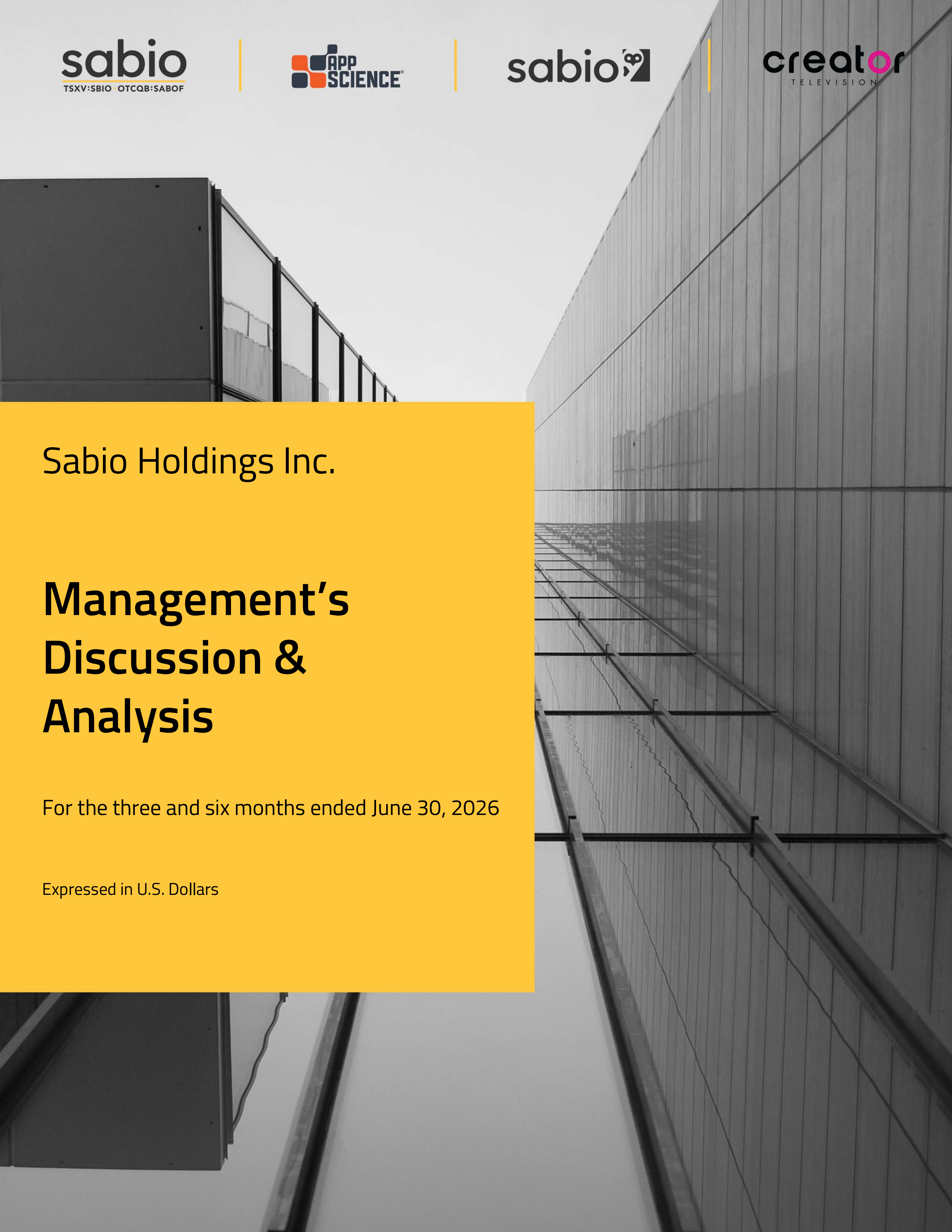
Sabio Holdings Inc.

Management's Discussion & Analysis

For the three and six months ended June 30, 2026

Expressed in U.S. Dollars



All amounts herein are expressed in U.S. Dollars unless otherwise stated.

The Management's Discussion and Analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of Sabio Holdings Inc. ("Sabio" or the "Company") (formerly Spirit Banner II Capital Corp., hereafter referred to as "Spirit") as at and for the three and six months ended June 30, 2026. References in this MD&A to "us", "we" and "our" mean Sabio unless otherwise stated.

This analysis should be read in conjunction with Sabio's Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2026, and 2025, and related notes (the "Condensed Interim Consolidated Financial Statements"). The Condensed Interim Consolidated Financial Statements and extracts of those Condensed Interim Consolidated Financial Statements provided in this MD&A, were prepared in U.S. dollars and in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), using the accounting policies described therein. As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. All amounts are presented in U.S. dollars unless otherwise indicated. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear. Readers are cautioned that this MD&A contains certain forward-looking information. (Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A).

Management of the Company ("Management") is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made herein. The Company's Board of Directors ("Board of Directors") provides an oversight role with respect to all public financial disclosures by the Company and has reviewed this MD&A and the accompanying Condensed Interim Consolidated Financial Statements.

Investors should be aware of the inherent limitations of certifying officers of a venture issuer to design and implement, on a cost-effective basis, appropriate Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109. Such limitations may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

This MD&A is dated and approved by the Board of Directors as of August 19, 2026.

Forward-Looking Statements

Certain statements in this MD&A may constitute forward-looking statements, including those identified by the expressions such as "may", "will", "intend", "anticipate", "believe", "expect", "foresee", "intend", "plan", or similar expressions to the extent that they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current assumptions and expectations regarding future events. Forward-looking statements in this MD&A include but are not limited to statements regarding subscriber additions, the variability of the revenues going forward, anticipated market trends and technology adoption by customers and industry peers, anticipated growth in revenue and expenses, the potential impacts of additional expenditures on revenue growth rates, the sufficiency of cash on hand, the benefits of the App Science® platform, and the Company's ability to obtain the financing necessary to continue operations. There can be no assurance that such statements will prove to be accurate, and actual results and future events may differ materially from those anticipated in such statements.

By their nature, forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. These risks and uncertainties include, but are not limited to, the factors discussed in the "Risk Factors" section of this MD&A. Readers are cautioned not to place undue reliance on forward-looking information.

Non-IFRS Measures

The Company prepares its Condensed Interim Consolidated Financial Statements in accordance with IFRS. Non-IFRS measures are used by management to provide additional insight into Sabio's performance and financial condition. The Company believes non-IFRS measures are an important part of the financial reporting process and are useful in communicating information that complements and supplements the Condensed Interim Consolidated Financial Statements.

This MD&A also includes certain measures which have not been prepared in accordance with IFRS, such as Adjusted EBITDA. To evaluate the Company's operating performance as a complement to results provided in accordance with IFRS, the term "Adjusted EBITDA", as defined by Management, refers to net income (loss) before adjusting earnings for finance costs, interest earned, transaction costs, gain or loss on loan forgiveness, employee retention tax credit received, income taxes, state and local taxes (recovery), stock-based compensation, amortization, gain or loss on lease modification, impairment loss, settlement fees, foreign exchange differences, severance and restructuring costs, and gain (loss) on disposal of intangibles. Management believes that the items excluded from Adjusted EBITDA are not connected with and do not represent the operating performance of the Company.

Management believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed as well as expenses related to stock-based compensation, depreciation, amortization, impairment, restructuring costs, expected credit losses on promissory notes receivable, other expense (income), and foreign exchange (gain) loss. Accordingly, Management believes that this measure may also be useful to investors in enhancing their understanding of the Company's operating performance. It is a key measure used by the Management and Board of Directors to understand and evaluate the Company's operating performance, to prepare annual budgets and to help develop operating plans.

The Company also reports Gross Revenue (also referred to as "Value of advertising impressions delivered") as a non-IFRS measure to provide additional insight into the scale of its advertising operations, particularly in its programmatic advertising business. Management believes Gross Revenue is a useful supplemental measure for investors as it reflects the total value of advertising transactions delivered through the Company's platform before deducting third party platform costs.

Gross Revenue represents the total dollar value of advertising impressions sold through the Company's programmatic platforms, including amounts billed to advertisers and agencies, prior to deductions for third party platform costs. This measure is not a standardized financial measure under IFRS and may not be comparable to similar measures used by other companies. Refer Note 3 in the Condensed Interim Consolidated Financial Statements for a reconciliation of the Gross Revenues to Net Revenues as reported in the Condensed Interim Consolidated Financial Statements.

Company Overview

Sabio was incorporated under the Business Corporations Act of Ontario, Canada on September 29, 2017. The registered corporate office is located at 150 King Street West, Suite 200, Toronto, Ontario, M5H 1J9. The corporate head office of the Company is located at 315 Culver Boulevard, Playa Del Rey, California, 90293.

Sabio is a Los Angeles-based ad-tech company at the intersection of two large, fast-growing markets: ad-supported streaming (CTV) and the creator economy, estimated at approximately $38 billion and $255–323 billion in 2026, respectively, with third-party estimates projecting the creator economy opportunity could reach $480 billion by 2027.[1] The Company owns the full stack, audience data, ad-buying technology, ad delivery infrastructure, and owned content, across both markets, helping brands reach hard-to-access streaming audiences.

Sabio's core differentiator is its App Science® household graph, covering approximately 80 million U.S. households, roughly 70% of U.S. streaming households. This non-cookie-based SaaS analytics platform enables clients to reach, engage, and validate their target audiences using continuously updated device data. Creator TV®, the Company's emerging owned-and-operated FAST channel launched in early 2025, now reaches approximately 149 million potential viewers across platforms including Vizio, Sling, TCL, Plex, Comcast Xumo, and Amazon Fire. Together, this data, tech stack, and content supply drive strong customer outcomes: an 82% overall renewal rate, 92% in the U.S., and sequentially, 90% within its growing U.S. programmatic offering.

Sabio's customers include many of the most significant U.S. brands and agencies. The Company employs more than 100 individuals across the U.S., Canada, India, Turkey, and the United Kingdom.

On November 19, 2021, Sabio successfully completed a reverse takeover transaction and became publicly listed company. The Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") on November 26, 2021 under the ticker "SBIO" as a Tier 2 technology issuer.

Significant developments during the three and six months ended June 30, 2026, and to the date of this report include the following:

- On August 5, 2026, the Company, through its wholly-owned subsidiary Sabio London Limited, entered into a US$1.5 million non-revolving term loan facility with an arm's-length private credit provider for working capital and general corporate purposes. The facility will be advanced in a single drawing, mature nine months after funding, and bear interest at 25% per annum, generally paid in kind. The facility is secured by certain assets and unfactored receivables of Sabio London Limited, and no securities of the Company will be issued in connection with it.

- On June 15, 2026, Creator TV Sports™, a studio label of the Company's Creator TV® streaming network, announced the creator lineup for the inaugural Creator Pickleball Tour, a 16-player tournament held at VidCon Anaheim from June 25–27, 2026, produced in partnership with Rob Ryan. The tour featured creators with a combined social following in the hundreds of millions (~794 million followers) and will be distributed as an episodic series across Creator TV®'s FAST network, which reaches approximately 149 million potential

[1] Sources: GeoSpotmedia CTV Advertising Trends 2026; eMarketer via Adwave CTV market sizing (Q1–Q2 2026); Research and Markets, Precedence Research, and Presenc AI creator economy market reports (2026); Goldman Sachs creator economy TAM estimate.

viewers across platforms including Vizio, TCL tv+, Xumo Play, Sling Freestream, Amazon Fire TV Channels, Plex, and Anoki's LiveTVx.

- On May 12, 2026, the Company announced that the Creator Poker Championship, produced by Creator TV Sports™ in partnership with the World Poker Tour®, would premiere on CBS Sports Network in two parts on May 15, 2026. The series, evolving from a December 2025 livestream into a produced television series, marks Creator TV Sports'™ first extension of a creator-led format into national sports television, alongside its existing slate of competition-based programming.

- On April 29, 2026, the Company completed a tranche of a non-brokered private placement of 12% subordinated, secured convertible debentures for gross proceeds of CAD $900,000. The debentures have a 12-month term and bear simple interest at 12% per annum, calculated daily based on a 365-day year, payable in cash semi-annually in arrears and upon the earlier of conversion or maturity. The debentures are convertible, at the holder's option at any time prior to maturity, into common shares of the Company at a conversion price of C$0.30 per share. The debentures are secured by a general security agreement over all present and after-acquired North American personal property of the Company. At maturity, any unconverted principal will be repaid in cash at 107% of the principal amount, together with all accrued and unpaid interest. The Company may decide to close further tranches under the offering.

- On February 25, 2026, the Company announced a six-month extension of its unsecured debentures for aggregate gross proceeds of CAD$1,802,850 from February 25, 2026 to August 25, 2026. In connection with the extension, the Company issued 581,561 common shares in the capital of the Company ("Bonus Shares") at a price of CAD $0.31 per Bonus Share, based on the 10-day VWAP.

- On January 13, 2026, the Company announced that App Science® audience segments used in Sabio campaigns outperformed CTV averages on key attention metrics, according to independent research by TVision. Specifically, Sabio campaigns exceeded CTV benchmarks for both attention and attention-to-duration, with Sabio-placed inventory delivering an attention-to-duration ratio of up to 3% above CTV averages and demonstrating a higher likelihood of being viewed in co-viewing situations.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The following table provides selected financial information for the Company's recent operations for the three and six months ended June 30, 2026, and 2025. This information should be read together with the Condensed Interim Consolidated Financial Statements.

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Gross Revenues (1)	**9,680,678**	11,654,990	17,883,033	20,808,574
By source:				
Mobile ads	**3,466,159**	3,566,333	5,061,435	5,555,346
Ad-Supported Streaming	**6,151,816**	7,863,651	12,625,860	14,772,421
Other	**62,703**	225,006	195,738	480,807
Net Revenues	**8,233,309**	11,157,319	15,391,651	20,244,585
By source:				
Mobile ads	**2,722,976**	3,522,843	3,915,259	5,510,133
Ad-Supported Streaming	**5,447,630**	7,409,470	11,280,654	14,253,645
Other	**62,703**	225,006	195,738	480,807
Gross Profit	**5,038,495**	6,817,374	8,849,671	12,373,793
Adjusted EBITDA (1)	**(2,745,399)**	(1,197,152)	(6,180,012)	(2,798,729)
Loss (gain) from operations	**(3,357,414)**	(1,018,434)	(7,270,066)	(3,003,310)
Net loss (gain)	**(3,863,918)**	(1,377,658)	(8,283,709)	(3,670,860)

(1) As defined in "Non-IFRS Measures"

Throughout this section, gross revenue figures are also presented excluding political and advocacy advertising spend, which is structurally concentrated in the second half of election years; this normalization is provided to help readers assess underlying business performance separately from election-cycle timing.

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Gross Revenue	**9,680,678**	11,654,990	**17,883,033**	20,808,574
Less: Political and advocacy revenue	**468,341**	2,993,641	752,258	4,683,080
Brand business revenue	**9,212,337**	8,661,349	**17,130,775**	16,125,494

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Ad-Supported Streaming revenue	**6,151,816**	7,863,651	**12,625,860**	14,772,421
Less: Political and advocacy revenue	**373,929**	1,978,373	536,970	3,542,732
Brand Ad-Supported Streaming revenue	**5,777,887**	5,885,278	**12,088,890**	11,229,689

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Mobile ads revenue	**3,466,159**	3,566,333	**5,061,435**	5,555,346
Less: Political and advocacy revenue	**94,412**	1,015,268	215,288	1,140,348
Brand Mobile ads revenue	**3,371,747**	2,551,065	**4,846,147**	4,414,998

Q2 2026 Financial Highlights

- Consolidated gross revenue of $9.7 million (down 17% year-over-year due to non-brand political and advocacy revenue, which is historically concentrated in Q3 and Q4 of election years), with brand revenue up 6% year-over-year excluding this impact
- Global new customer logos increased 77% year-over-year, representing 35% of Q2 customer logos
- Gross margin of 61%, up 8 percentage points (a 15% improvement) sequentially from 53%, driven by better supply agreements and technology efficiencies
- EMEA revenue grew 386% year-over-year. First-half 2026 EMEA sales of $5.0 million have nearly matching all of FY2025 ($5.0 million).
- U.S. programmatic revenue grew 247% year-over-year, driven by a 116% increase in customers; Approximately 90% of U.S. Programmatic customers renewed from Q1 into Q2, while 79% of repeat U.S. Programmatic customers from the prior year increased their spend in Q2.
- U.S. programmatic and EMEA revenue, two of Sabio's newer growth offerings, together represented 49% of Q2 2026 gross sales, up from 10% a year earlier.
- Reoccurring revenue rate of 82%, including 92% in the U.S.
- Over $5 million in political and advocacy commitments secured for the second half of 2026
- Adjusted EBITDA margin improved 14 percentage points sequentially, and management expects Adjusted EBITDA to return to profitability in the second half of 2026, supported by the Company's historical second-half revenue concentration (69% of FY2024 consolidated revenue) and the similarly strong second-half seasonality of its newer U.S. programmatic and EMEA channels (82–88% of FY2025 revenue)

Revenue:

Sabio sits at the intersection of two of the fastest-growing categories in advertising: ad-supported streaming and the creator economy. In 2025, the Company launched Creator TV®, its emerging owned-and-operated streaming channel and distribution network, extending Sabio from ad-tech infrastructure into content ownership. That platform is powered by App Science®, Sabio's proprietary data and analytics engine, which validates and optimizes advertiser ROI across approximately 80 million U.S. streaming households, representing roughly 70% of U.S. streaming households on platforms including Roku, Amazon Fire, Apple TV+, and Samsung TV. Because Sabio's DSP is agnostic, campaigns run through its own platform or through third-party DSPs including DV360, The Trade Desk, and Yahoo, advertisers get Sabio's differentiated data and reach without being locked into a single buying channel. Together, this gives Sabio a full-stack position, content, data, and distribution, in a media ecosystem most competitors can only enter through one layer at a time.

Customer retention remained strong through Q2 2026, with returning customers accounting for approximately 80% of revenue overall, and 92% in the U.S. Globally, 39% of logos increased their spending with Sabio year-over-year, reflecting the strength of its client relationships. The Company also continued to add major global brands during the quarter, supported by growth in its product offerings and EMEA footprint. This combination, high retention alongside new customer growth, is broadening Sabio's revenue base across products, geographies, and verticals, reducing reliance on any single market or channel and putting the business on firmer footing for sustained long-term growth.

Sabio sells to brands through their respective advertising agencies in parallel to long-established relationships with top 50 blue chip brands. Revenue from advertising is largely generated through video and display advertising delivered through ad impressions, which are typically sold on a cost-per-thousand (CPM) basis. Revenue is recognized as ad impressions are delivered. On the Company's newly incubated Creator TV® streaming channel, revenue on delivered ad impressions is recognized net of any applicable revenue-sharing arrangements. Revenue for AppScience, Inc. is generated via the sale of insights reports, brand study reports, and licenses to use the App Science® platform.

Consolidated gross revenue for the three months ended June 30, 2026 was $9,680,678, down 17% from $11,654,990 in the comparable period of 2025, but the headline number masks real underlying strength. Excluding political and advocacy revenue, which is typically light in the first half of election years and concentrated in the second half, the branded business revenue grew 6% year-over-year, with its growing EMEA and U.S. programmatic offerings rising to 49% of the Q2 2026 sales mix, up from 10% in the comparable period of 2025. This branded business growth is being achieved ahead of the Company's largest seasonal tailwinds, which are still to come. In the last U.S. political year, FY2024, the Company generated 69% of consolidated gross revenue in the second half of the year, reflecting a heavy second-half seasonal pattern that management expects to continue in 2026 as political and advocacy spend returns ahead of the U.S. midterm elections in November. EMEA revenue for the quarter grew to $1,857,148 from $382,329 in the comparable period of 2025, an increase of 386% (or 5x), with Sabio London Limited contributing 19% of consolidated gross revenue in Q2 2026, up from 3% in the prior-year period. Both of the Company's principal second-half tailwinds carry a strong seasonal precedent: in FY2025, EMEA revenue generated approximately 88% of its full-year total in the second half, and U.S. programmatic revenue generated approximately 82% of its full-year total in the second half. With political and advocacy spending expected to return ahead of the midterms and EMEA and U.S. programmatic growth offerings continuing to scale from an already-growing base, the Company anticipates robust second half results, supported by the branded business growth that is already outpacing the prior year before these seasonal tailwinds arrive.

Sabio's U.S. programmatic offering, powered by the Company's proprietary App Science® data graph, has grown rapidly since its early 2025 launch. Quarterly sales in this channel grew to $2,910,273 in Q2 2026 from $840,138 in Q2 2025, an increase of 247% (or more than 3x), and now represent 30% of consolidated gross sales. Customer engagement also strengthened, with a 90% renewal rate across all U.S. programmatic logos from the first quarter and 55% of existing customers increasing their U.S. programmatic spend, reflecting the depth of Sabio's client relationships and its ability to deliver measurable results for partners. The Company's diversification strategy also broadened its branded customer base, with the number of logos spending on the U.S. programmatic channel increasing 79% year-over-year in Q2 2026, including several leading global brands.

As U.S. programmatic revenue, the Company's fastest-growing channel, is recorded net of supply costs, its growing share of the business mechanically compresses reported net revenue relative to gross activity. Consolidated net revenue for Q2 2026 was $8,233,309, down 26% from $11,157,319 in Q2 2025, a decline of $2,924,010, even as gross sales and the underlying business continued to expand. This gap reflects accounting treatment, not softening demand, and is expected to persist as U.S. programmatic scales further.

Within the ad-supported streaming segment, gross revenue for Q2 2026 was $6,151,816, down 22% (a decline of $1,711,835) from $7,863,651 in the prior-year period, but excluding political and advocacy spending, the branded streaming revenue was down 2% to $5,777,887 from $5,885,278. This modest decline reflects a shift in campaign-specific spend by an existing ad-supported streaming customer and top global brand to the Company's new digital out-of-home (DOOH) offering, first monetized in Q2 2026 and recognized under the Company's mobile sales category. Excluding this shift, the branded business streaming revenue growth would have been higher, underscoring the underlying strength of the platform's customer relationships even as those relationships increasingly span multiple channels within Sabio's broader offering. Net ad-supported revenue declined 26% to $5,447,630 from $7,409,470 in Q2 2025, impacted by the continued mix shift toward U.S. programmatic revenue, which is recorded net of supply costs.

Ad-supported streaming TV, one of digital advertising's fastest-growing arenas, remains the Company's dominant sales category, holding steady at approximately 66% of the quarterly sales mix, consistent with the prior-year period, even as U.S. programmatic and EMEA revenue scale rapidly, underscoring that Sabio's diversification strategy is adding new growth channels without displacing the branded business streaming business. Sabio's momentum in this space is underpinned by its proprietary data capabilities, including its App Science® household graph, which enable the Company to surface actionable audience insights across an increasingly fragmented media landscape, without relying on cookie-based tracking methods, which continue to decline in relevance amid growing privacy regulation and platform-level restrictions. These capabilities translate into deeper, more meaningful connections between brands and their target audiences, empowering advertisers to effectively reach, engage, and validate, or R.E.V., their audiences in today's complex media environment.

Through its demand-side platform ("DSP") and ad server, Sabio provides targeted campaign solutions to top agencies and brands by monetizing Sabio SSP ad slots as well as inventory from other third-party ad-supported streaming apps. Campaign targeting is powered by data from the Company's App Science® platform, enabling precise audience targeting across this inventory.

Mobile gross revenue was $3,466,159 for the three months ended June 30, 2026, down 3% (or $100,174) from $3,566,333 in the prior-year period, primarily due to lighter political and advocacy sales in the quarter. Excluding political and advocacy sales, mobile gross revenue increased 32% year-over-year, driven by the Company's new digital out-of-home (DOOH) offering, which it began monetizing in Q2 2026 and recognizes under its mobile sales category. Mobile ad net revenue decreased 23% to $2,722,976 from $3,522,843 for the three months ended June

30, 2025, a decrease of $799,867, largely driven by the reduction in political and advocacy sales, typically expected in the second half of election years.

Six-month periods ended June 30, 2026 and 2025.

Consolidated gross revenue for the six months ended June 30, 2026, was $17,883,033, down 14% from $20,808,574 in the same period of 2025, a decline of $2,925,541, driven primarily by the timing of political and advocacy spending. Excluding political and advocacy campaigns, consolidated gross revenue grew 6% ($1,005,281) year-over-year, from $16,125,494 to $17,130,775, reflecting broad-based strength across Sabio's branded business in verticals including energy, entertainment, healthcare, quick service restaurant, and retail. This growth was achieved in the first half of the year, historically the seasonally lighter period for political and advocacy spend as well as for the Company's EMEA and U.S. programmatic channels, positioning Sabio for a stronger second half as these tailwinds return. EMEA expansion remained a standout: Sabio London Limited's sales grew nearly eightfold (693%) year-over-year to $4,966,755, contributing 28% of consolidated gross revenue for the first half of 2026, up sharply from just 3% in the prior-year period and nearly matching 2025's full-year EMEA sales ($5.0 million). Product innovation further diversified the revenue base, with the new U.S. programmatic offering seeing strong early adoption, accounting for roughly 27% of consolidated gross sales and generating $4,900,565 in gross revenue for the period, growing nearly 5x from the prior year's first half ($996,342). Since its January 2025 launch, U.S. programmatic sales have grown at an average month-over-month rate of 26%, reflecting consistent traction and scalability across the platform. Consolidated net revenue for the six-month period declined 24% to $15,391,651, from $20,244,585 a year earlier, a decrease of $4,852,934, driven by the continued scaling of the U.S. programmatic offering's impact on gross-to-net dynamics, along with reduced political and advocacy spending, which typically concentrates in the second half of election years.

Within the ad-supported streaming segment, gross revenue for the six months ended June 30, 2026, was $12,625,860, down 15% from $14,772,421 in the same period of 2025, a decrease of $2,146,561. Normalized to exclude political and advocacy campaigns, gross ad-supported streaming revenue grew 8% ($859,201) year-over-year, from $11,229,689 to $12,088,890, reflecting the underlying strength and resilience of Sabio's branded streaming business, supported by steady advertiser demand across multiple verticals and the continued rollout of the Company's U.S. programmatic offering, which opened incremental demand sources and improved monetization efficiency across Sabio's streaming inventory. This growth was achieved despite a shift in campaign-specific spend by an existing ad-supported streaming customer and top global brand to its new DOOH offering, which the Company began monetizing in Q2 2026; excluding this shift, growth would have been higher. The Company expects this customer's spend to remain primarily concentrated in ad-supported streaming going forward, potentially alongside continued use of DOOH. Ad-supported streaming made up 73% of total net sales for the six-month period, up from 70% a year earlier. Ad-supported streaming net revenue for the six-month period declined 21% to $ 11,280,654, from $14,253,645 in the same period of 2025, a decrease of $2,972,991, primarily reflecting a $3 million reduction in political and advocacy spending, which in election years is typically weighted toward the second half.

For the six months ended June 30, 2026, mobile gross revenue decreased 9% to $5,061,435, a decrease of $493,911, from $5,555,346 for the six months ended June 30, 2025. This decline reflects customers continuing to shift their preference toward Sabio's CTV/OTT offerings, along with lighter political and advocacy sales in the first half of the year. Excluding political and advocacy campaigns, mobile gross revenue rose to $4,846,147 from $4,414,998 in the first half of 2025, a 10% increase ($431,149), driven largely by the DOOH campaign referenced above. Mobile ad net revenue decreased 29% to $3,915,259, a decrease of $1,594,874, from $5,510,133 for the six months ended June

30, 2025, reflecting the impact of political and advocacy timing on gross revenue described above, as well as the continued mix shift toward U.S. programmatic revenue, which is recorded net of supply costs.

Cost of Sales and Gross Margins:

The following table sets out a reconciliation of Gross Profit to Revenue for each of the periods indicated:

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Net Revenues	**8,233,309**	11,157,319	**15,391,651**	20,244,585
Cost of sales	**3,194,814**	4,339,945	**6,541,980**	7,870,792
Gross profit	**5,038,495**	6,817,374	**8,849,671**	12,373,793

Three-month periods ended June 30, 2026 and 2025.

Cost of sales includes purchased publisher media inventory, production and technical service costs and fees, as well as data center, bandwidth, and cloud hosting costs tied to Sabio's revenue-producing platform. For Q2 2026, cost of sales fell 26% to $3,194,814, from $4,339,945 in Q2 2025, primarily reflecting lower revenues during the period. Gross margin came in at 61% for the quarter, the Company's highest of the year to date, consistent with 61% in Q2 2025 and up sharply from 53% in the prior quarter, driven by both a growing contribution and improved margins from Sabio's U.S. programmatic offerings and improved supply terms negotiated on the strength of proceeds raised from the Company's April 2026 financing. June was the Company's strongest month of the quarter, with margin on net revenue exceeding 67% and margin on gross revenue exceeding 60%, reflecting the early benefit of these improved supply terms. Management expects these supply terms, along with continued growth in U.S. programmatic and EMEA channels, to support margins through the remainder of the year. With margins already expanding on the Company's current revenue base, management expects the anticipated increase in second-half revenue from the return of higher-margin political and advocacy spending, along with continuing EMEA and U.S. programmatic tailwinds to drive further operating leverage across the business.

Six-month periods ended June 30, 2026 and 2025.

Cost of sales includes purchased publisher media inventory, production and technical service costs and fees, along with data center, bandwidth, and cloud hosting costs tied to Sabio's revenue-producing platform. For the six months ended June 30, 2026, cost of sales was $6,541,980, down $1,328,812 (17%) from $7,870,792 in the same period of 2025, primarily reflecting lower overall revenues. Gross margin was 57% for the six-month period, versus 61% a year earlier, with the modest compression driven in part by temporary pricing concessions made in January to accelerate engagement and adoption in the Company's newest markets, EMEA and U.S. programmatic, during a period of seasonally lighter political and advocacy spending. Margins improved progressively as those concessions abated, with Q2 2026 benefiting from increased revenue and margin contribution from U.S. programmatic offerings, improved supply terms negotiated on the strength of proceeds raised from the Company's April 2026 financing, and continued maturation of the EMEA channel. The Company expects this trajectory to continue through the remainder of the year, supported by these improved supply terms and the anticipated return of higher-margin political and advocacy spending in the second half, driving further operating leverage as second-half revenue grows.

Reconciliation of Net income (loss) to Adjusted EBITDA for the three and six months ended June 30, 2026, and 2025:

The following table presents a reconciliation of Net income (loss) to Adjusted EBITDA for the periods indicated:

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Net loss for the period	**(3,863,918)**	(1,377,658)	**(8,283,709)**	(3,670,860)
Adjustments				
Finance costs	**486,330**	346,838	**973,068**	642,399
Interest earned	**(9,183)**	(10,923)	**(19,093)**	(20,822)
Amortization of intangible assets	**40,545**	44,754	**76,406**	89,614
Stock-based compensation	**30,684**	96,634	**79,405**	151,319
ECL on loan against warrant exercise	**98,755**	-	**98,755**	-
Employee retention tax credit received	**-**	(583,145)	**-**	(583,145)
Loss on lease termination	**-**	-	**-**	20,275
Gain on lease modification	**-**	-	**-**	(7,317)
Amortization of lease	**183,049**	183,047	**364,086**	324,496
Income taxes	**20,174**	12,386	**40,575**	25,151
Foreign exchange differences	**12,689**	9,848	**90,284**	12,729
State and local taxes	**4,804**	19,125	**35,035**	48,230
Severance expenses	**154,441**	61,942	**268,945**	169,202
Executive Restructuring Costs	**96,231**	-	**96,231**	-
Total adjustments	**1,118,519**	180,506	**2,103,697**	872,131
Adjusted EBITDA (1)	**(2,745,399)**	(1,197,152)	**(6,180,012)**	(2,798,729)

(1) As defined in "Non-IFRS Measures"

Three-month periods ended June 30, 2026 and 2025.

Adjusted EBITDA for Q2 2026 was a loss of $2,745,399, compared to a loss of $1,197,152 in Q2 2025, an increase in the loss of $1,548,247. Despite this, Adjusted EBITDA margin on gross revenue improved 14 percentage points sequentially, reflecting the gross margin improvements discussed above, particularly from U.S. programmatic offerings, which delivered a 25% margin improvement year-over-year and accounted for 30% of gross revenue in the quarter, along with operating efficiencies from the Company's cost-reduction initiatives, which are expected to deliver $1.2 million in net savings within the coming year, and over $2 million in net savings on an annualized run-rate basis once fully implemented. The year-over-year loss increase was driven mainly by a $2,525,300 decline in political and advocacy spending, which in election years concentrates in the second half, together with continued investment in the Company's emerging Creator TV streaming channel, U.S. programmatic, and performance marketing offerings. This sequential improvement occurred during the first half of the year, historically the seasonally lighter period for political and advocacy spend, and for the Company's other channels more broadly, with approximately 60% to 70% of total advertising spending historically occurring in the second half of the year. With political and advocacy spend expected to return alongside continued growth in U.S. programmatic, EMEA, and gross margin, management expects Adjusted EBITDA to return to profitability in the second half of 2026.

For Q2 2026, non-recurring adjustments included a $98,755 allowance for promissory notes receivable, $154,441 in severance expenses, and $96,231 in executive restructuring costs resulting from operational efficiency initiatives undertaken by management.

Six-month periods ended June 30, 2026 and 2025.

Adjusted EBITDA for the six months ended June 30, 2026, was a loss of $6,180,012, compared to a loss of $2,798,729 in the same period of 2025, an increase in the loss of $3,381,283. This was driven primarily by temporary margin compression from pricing concessions made in January 2026 to accelerate early-year adoption in new markets and channels, compounded by the seasonal absence of political and advocacy spending, which in election years concentrates in the second half. This was partly offset by improving gross margin and operating efficiencies as the year progressed: gross margin improved from 53% in Q1 2026 to 61% in Q2 2026, and the Adjusted EBITDA loss narrowed from $3.4 million in Q1 2026 to $2.7 million in Q2 2026, a clear sign of improving underlying profitability as the year progressed. The January pricing concessions were one-time in nature and are not expected to recur, while the seasonal absence of political and advocacy spend is expected to reverse in the second half, consistent with prior election-year patterns. The Company also continued to see savings from its cost-reduction initiatives, with $1.2 million in net savings expected to be captured in the coming year, and over $2 million on an annualized run-rate basis once fully implemented. Consistent with these trends, management expects Adjusted EBITDA to return to profitability in the second half of 2026

For the six months ended June 30, 2026, non-recurring adjustments included a $98,755 allowance for promissory notes receivable, $268,945 in severance expenses, and $96,231 in executive restructuring costs resulting from operational efficiency initiatives undertaken by management.

<u>Operating Expenses:</u>

The following table summarizes various expenses for the three and six months ended June 30, 2026, and 2025:

	For the three months ended		**For the six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Sales and marketing (excluding commissions)	**3,516,607**	3,516,608	**6,964,155**	6,661,574
General and administrative	**1,731,727**	1,914,350	**3,126,489**	3,376,897
Occupancy cost	**241,438**	198,154	**455,576**	395,220
Finance costs	**486,330**	346,838	**973,068**	642,399
Research and technology costs	**903,284**	853,190	**1,788,059**	1,683,230
Cloud hosting costs	**1,196,763**	844,105	**2,285,473**	1,953,726
Stock-based compensation	**28,780**	96,634	**77,501**	151,319
Amortization of intangible assets	**40,545**	44,754	**76,406**	89,614

Three-month periods ended June 30, 2026 and 2025.

<u>Sales and marketing (excluding commissions)</u>

Sales and marketing (excluding sales commissions) consist of all costs associated with selling and marketing the Company's products and services, including salaries and wages, benefits, travel, marketing and payroll taxes for Sabio's sales, marketing, and account management teams. Despite continued strategic investment in the Company's EMEA salesforce, including the expansion of the London-based sales team, and in resources supporting the growth of the Company's U.S. programmatic, and Creator TV® offerings, the Company held sales and marketing expenses essentially flat at $3,516,607 for the three months ended June 30, 2026, compared to $3,516,608 for the three months ended June 30, 2025, reflecting strong cost discipline. These investments are already delivering meaningful returns: Sabio London Limited contributed 19% of consolidated gross revenue during the quarter, up from 3% in the prior-year period, and U.S. programmatic accounted for 30% of consolidated gross sales, up from 7%. Headcount reductions and other efficiency measures implemented across the first half of 2026, part of the Company's broader cost-reduction initiatives discussed above, more than offset the incremental cost of these investments during the quarter, with the full impact of these reductions expected to be realized in the second half of the year.

General and administrative

General and administrative costs include legal and professional fees, employee training, bank charges, contractors, administrative salaries and wages, employee meetings and office supplies. General and administrative costs for the three months ended June 30, 2026, were $1,731,727, a decrease of $182,623, or 10%, from $1,914,350 in the same quarter of the prior year, reflecting continued cost discipline as the Company lapped a non-recurring employee event held in the second quarter of 2025 and realized savings from efficiency measures and targeted headcount reductions undertaken by management in the first half of 2026. This was partially offset by newly incurred executive restructuring costs and an allowance for promissory notes receivable recorded during the period, neither of which were present in the prior-year period.

Occupancy

Occupancy costs include short-term leases, utilities and incidental costs incurred throughout the Company's operating footprint. Occupancy costs for the three months ended June 30, 2026, were $241,438, an increase of $43,284 (22%) from $198,154 in Q2 2025. The year-over-year increase was principally driven by the lapse of a rent-free incentive associated with the Company's New York office lease that benefited the prior-year comparative period.

Finance

Finance costs for the three months ended June 30, 2026, were $486,330, an increase of $139,492 (40%) from $346,838 in Q2 2025. The increase was primarily attributable to the new accounts receivable purchase arrangement with Revamp Funding Designated Activity Company on Sabio's EMEA sales, established in the third quarter of 2025, along with the issuance of convertible debentures and unsecured promissory notes. These increases were partially offset by a reduction in borrowings under the Company's credit facility with SLR Digital Finance.

As at June 30, 2026, the Company had an outstanding loan balance of $4,128,918 with SLR Digital Finance, a decrease of $2,285,234, from the balance of $6,414,152 as at June 30, 2025. The balance of the Revamp Receivables-Purchase Facility as at June 30, 2026 was $2,020,804 (2025-nil) and the balances of non-convertible and convertible debentures and unsecured promissory notes as at June 30, 2026 were $1,322,396 (2025-Convertible notes-$1,308,748), $616,762 (2025-nil) and $437,000 (2025-nil) respectively.

Research and technology

Research and technology costs consist primarily of headcount costs associated with the development and enhancement of Sabio's proprietary ad-server and App Science® analytics platform, including salaries and wages, data and analytics costs, and subscription fees for software and other development tools. Research and technology costs for the three months ended June 30, 2026, were $903,284, a slight increase of $50,094 (6%) compared to $853,190 in the same quarter of the prior year. On a sequential basis, costs were essentially flat, up $18,509, or 2%.

Cloud hosting costs

Cloud hosting costs comprise costs associated with running and maintaining Sabio's proprietary ad-server and App Science® analytics platform. Cloud hosting costs for the three months ended June 30, 2026, were $1,196,763, an increase of $352,658, or 42%, compared to $844,105 in the same quarter of the prior year, and a modest increase of 10% sequentially from $1,088,710 in the first quarter of 2026. The increase primarily reflected higher data storage and processing activities to support the scaling of the Company's U.S. programmatic offering, which grew 247% year-over-year in the quarter, as well as the UK household graph, launched in April 2026 to support European market growth, along with one-time infrastructure optimization costs related to revisiting legacy job architecture and data storage strategies. Current data cleanup and storage optimization initiatives are aimed at keeping cloud hosting costs near current levels through the second half of 2026.

Stock-based compensation

The Company uses its Omnibus Equity Incentive Plan for employee compensation, retention, and incentives. Stock-based compensation for the three months ended June 30, 2026, was $28,780, a decrease of $67,854 (70%) from $96,634 in Q2 2025. Stock-based compensation granted in the quarter was related to non-executive compensation in the ordinary course of business.

Six-month periods ended June 30, 2026 and 2025

Sales and marketing (excluding commission)

Sales and marketing (excluding commission) consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, benefits, travel, marketing and payroll taxes for Sabio's sales, marketing, and account management teams. Sales and marketing expenses excluding commission for the six months ended June 30, 2026, were $6,964,155, an increase of $302,581 (5%) from $6,661,574 for the same period in the prior year. The year-over-year increase was attributable to investments directed toward Sabio's EMEA salesforce, particularly the expansion of the London-based sales team, along with targeted resource allocation supporting the continued growth of the Company's U.S. programmatic, and Creator TV® offerings. Efficiency measures and targeted headcount reductions offset a significant portion of the incremental spend, limiting the increase relative to the scale of investment underway. These investments are already generating meaningful results: Sabio London Limited accounted for 28% of consolidated gross revenue in the first half, up from 3% in the prior-year period, while U.S. programmatic grew to 27% of consolidated gross sales, up from 5%. Further headcount reductions carried out during the first half are expected to yield additional net savings in the second half of 2026.

General and administrative

General and administrative costs include legal and professional fees, employee training, bank charges, contractors, administrative salaries and wages, employee meetings and office supplies. General and administrative costs for the six months ended June 30, 2026, were $3,126,489, a decrease of $250,408 (7%) from $3,376,897 in the same period in the prior year. The decline was driven mainly by the absence of a non-recurring employee event held in the second quarter of 2025, along with savings from efficiency measures and targeted headcount reductions carried out by management in the first half of 2026. This was partially offset by executive restructuring costs and an allowance for promissory notes receivable recorded during the period, neither of which were present in the prior-year period.

Occupancy

Occupancy costs include short-term leases, utilities and incidental costs incurred throughout the Company's operating footprint. Occupancy costs for the six months ended June 30, 2026, were $455,576, an increase of $60,356 (15%) from $395,220 in the same period of the prior year. The year-over-year increase was principally driven by the lapse of a rent-free incentive associated with the Company's New York office lease that benefited the comparative 2025 period.

Finance

Finance costs for the six months ended June 30, 2026, were $973,068, an increase of $330,669 (51%) from $642,399 for the six months ended June 30, 2025. The increase was primarily attributable to the new accounts receivable purchase arrangement with Revamp Funding Designated Activity Company on Sabio's EMEA sales, established in the third quarter of 2025, in addition to the issuance of convertible debentures and unsecured promissory notes. These increases were partially offset by a reduction in borrowings under the Company's credit facility with SLR Digital Finance.

As at June 30, 2026, the Company had an outstanding loan balance of $4,128,918 with SLR Digital Finance, a decrease of $2,285,234, from the balance of $6,414,152 as at June 30, 2025. The balance of the Revamp Receivables-Purchase Facility as at June 30, 2026 was $2,020,804 (2025-nil) and the balances of non-convertible and convertible debentures and unsecured promissory notes as at June 30, 2026 were $1,322,396 (2025-Convertible notes-$1,308,748), $616,762 (2025-nil) and $437,000 (2025-nil) respectively.

Research and technology

Research and technology costs consist primarily of headcount costs associated with the development and enhancement of Sabio's proprietary ad-server and App Science® analytics platform, including salaries and wages, data and analytics costs, and subscription fees for software and other development tools. Research and technology costs for the six months ended June 30, 2026, were $1,788,059, a modest increase of $104,829, or 6%, compared to $1,683,230 in the same period of 2025. The increase was primarily driven by merit-based salary increases for certain employees effective April 2026, along with a small increase in software license costs to support the Company's continued platform development, partially offset by the benefit of the Company's ongoing cost-reduction initiatives.

Cloud hosting costs

Cloud hosting costs comprise costs associated with running and maintaining Sabio's proprietary ad-server and App Science® analytics platform. Cloud hosting costs for the six months ended June 30, 2026, were $2,285,473, an increase of $331,747, or 17%, compared to $1,953,726 in the same period of 2025. The increase primarily reflected higher data storage and processing activities to support the scaling of the Company's U.S. programmatic offering, which grew approximately 396% year-over-year in the first half of 2026, as well as the UK household graph, launched in April 2026 to support European market growth, along with one-time infrastructure optimization costs related to revisiting legacy job architecture and data storage strategies. Current data cleanup and storage optimization initiatives are aimed at keeping cloud hosting costs near current levels through the second half of 2026.

Stock-based compensation

The Company uses its Omnibus Equity Incentive Plan for employee compensation, retention, and incentives. Stock-based compensation for the six months ended June 30, 2026, was $77,501, a decrease of $73,818, or 49%, from $151,319 in the same period of the prior year. The stock-based compensation granted in fiscal 2026 year-to-date is related to executive and non-executive and consultant compensation in the ordinary course of business.

Research and Development Expenditures:

Research and development expenses consist of certain remunerations paid to engineering personnel. Development costs that meet the criteria under IAS 38 Intangible Assets are capitalized as Intangible Assets. Deferred development costs have finite lives and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

During the three months ended June 30, 2026, the Company capitalized $41,253 to Intangible Assets, compared to $22,830 in the comparable period in fiscal 2025. During the six-month period ended June 30, 2026, the Company capitalized $80,596 to Intangible Assets, compared to $30,155 in the comparable period in fiscal 2025.

During the three months ended June 30, 2026, the Company amortized a total of $27,268 in development expenses, compared to $31,474 in the comparable period in fiscal 2025. During the six-month period ended June 30, 2026, the Company amortized a total of $49,850 in development expenses, compared to $63,055 in the comparable period in fiscal 2025.

OUTLOOK

Sabio enters the second half of 2026 with improving financial performance and continued momentum across its highest-growth channels, including App Science® AI-driven U.S. Programmatic, EMEA expansion, newly incubated Creator TV® and its broader, mature ad-supported streaming business.

Financial performance strengthened sequentially, with gross margin expanding 8 percentage points, from 53% to 61%, and Adjusted EBITDA margin improving 14 percentage points, reflecting revenue mix optimization and disciplined cost execution. Cost-reduction initiatives are expected to deliver $1.2 million in net savings within the year, and over $2 million annualized once fully implemented.

EMEA revenue grew more than 386% (5x) and U.S. programmatic revenue grew more than 247% (3x) year-over-year in Q2 2026. Customer retention, meanwhile, remained strong, with returning customers accounting for roughly 82% of revenue overall and 92% in the U.S., underscoring the durability of Sabio's diversifying revenue base.

Both EMEA and U.S. programmatic revenue generated the substantial majority of their FY2025 revenue in the second half, 88% and 82%, respectively, reflecting the early-stage growth trajectory of these channels in their first full year. While that degree of concentration may moderate as these channels scale from a larger base, management expects the second half of 2026 to remain meaningfully weighted toward these channels, consistent with the

Company's broader seasonal pattern: in FY2024, the last U.S. political year, 69% of consolidated revenue was generated in the second half. The Company has already secured over $5 million in political and advocacy commitments for the second half of 2026, positioning these channels to benefit further as U.S. midterm election spending returns.

Election-related advertising has historically driven margin expansion and comes with prepaid media placements, supporting cash flow visibility into the second half. With improving margins, a leaner cost structure, strong retention, and the seasonal tailwind of election-year spending already beginning to materialize, management believes the Company is well positioned for robust second-half results and a return to Adjusted EBITDA profitability.

Summary of Quarterly Results

The following unaudited table sets out selected financial information for the Company on a consolidated basis for the last eight most recently completed quarters.

	Jun 30, 2026	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	June 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024
Net Revenue	8,233,309	7,158,342	9,778,763	8,208,049	11,157,319	9,087,266	18,301,162	16,052,759
Net Income (Loss)	(3,863,918)	(4,419,791)	(2,817,019)	(3,347,114)	(1,377,658)	(2,293,202)	1,194,528	1,749,633
Assets	15,416,407	15,585,111	19,771,940	15,480,183	16,888,985	16,219,624	23,110,312	19,962,987
Liabilities	33,005,262	29,414,444	29,399,726	23,077,939	21,324,739	19,393,652	24,081,959	22,159,200
Basic EPS	(0.07)	(0.08)	(0.05)	(0.07)	(0.03)	(0.05)	0.02	0.03

LIQUIDITY AND CAPITAL RESOURCES

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, to the extent possible, that it has sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

Sabio intends to use its operating income and funds on hand to meet funding requirements for the development and commercialization of its products and services, based on anticipated market demand and working capital purposes. Actual funding requirements will vary depending on a variety of factors, including Sabio's success in executing its business plan, the progress of research and development efforts, commercial sales, and the Company's ability to manage working capital requirements.

While management believes Sabio has access to sufficient operating capital to meet its day-to-day operating expenses, the Company has experienced, and may continue to experience, working capital deficiencies, which could have a materially adverse effect on its liquidity. If future cash flows from operations are lower than expected, the Company may need to seek additional financing, either by issuing additional equity or by undertaking additional debt. If it raises additional funds by issuing equity or equity-linked securities, the ownership of existing shareholders will be diluted. If it raises additional financing by incurring additional indebtedness, Sabio may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on its ability to incur further debt, and other operating restrictions that could adversely impact the Company's ability to conduct its business. Any further indebtedness may result in terms that could be unfavorable to equity investors. Furthermore, there is no certainty that additional financing, whether debt or equity, will be available, or that it will be available on attractive terms.

The Company maintains two credit facilities secured against its strong accounts receivable base, providing flexible, recurring sources of working capital that scale with the business rather than carrying fixed repayment obligations regardless of performance. The first is a three-year, $10 million senior secured revolving credit facility with SLR Digital Finance, bearing interest at the greater of Prime plus 2.15% or 8.5%, and secured against all Company assets. The facility enables Sabio to borrow against eligible U.S. receivables prior to collection; these receivables have historically experienced nominal loss rates, reflecting a customer base comprised largely of major U.S. brands and advertising agencies. Collections are applied directly to the loan balance, providing a self-replenishing source of working capital that grows alongside the Company's revenue. Complementing this, the Company's U.K. subsidiary, Sabio London Limited, entered into a receivables purchase agreement on September 17, 2025, with Revamp Funding Designated Activity Company, providing advances of up to 90 percent of eligible U.K. receivables, subject to an aggregate exposure limit of GBP £3 million, which was increased to GBP £5 million on May 20, 2026, reflecting the continued growth of Sabio's U.K. business and Revamp's confidence in the underlying receivables. The Revamp facility, which carries a minimum six-month term and is cancellable at the Company's option, bears a discount charge of 0.54% per month and a service fee of 0.99% to 1.01% per month. Together, these facilities provide Sabio with flexible, recurring liquidity secured by high-quality receivables from a predominantly blue-chip customer base, supporting the Company's working capital and growth objectives as its U.S. and EMEA operations continue to scale.

As of June 30, 2026, the Company had cash of $1,495,956, compared to $1,343,131 as at December 31, 2025, against current liabilities of $31,435,626 (December 31, 2025: $27,366,758). Included within current liabilities is approximately $6.15 million outstanding under the Company's receivables-backed revolving financing facilities with SLR Digital Finance and Revamp Funding Designated Activity Company. These facilities operate as factoring-style arrangements that advance funds against accounts receivable and fluctuate directly with revenue levels; as such, they represent working capital financing tied to operating activity rather than structural long-term debt, and are secured by receivables from a predominantly Fortune 500 branded customer base. The Company's primary facility with SLR Digital Finance carries a three-year term. As a result of these receivables-financing arrangements, together with the timing effects of the Company's first-half operating losses on accounts payable and other current liabilities, the Company reported a net working capital deficit of $20,206,655 at June 30, 2026, compared to $12,142,150 at December 31, 2025. Management expects this position to improve in the second half of 2026 as the Company's operating performance strengthens, consistent with the seasonal and margin trends discussed elsewhere in this MD&A

On August 25, 2025, the Company closed a non-brokered private placement of 15% subordinated, unsecured, non-convertible debentures for gross proceeds of $1,302,734 (CAD $1,802,850). Proceeds were used to retire the full principal of $1,261,645 (CAD $1,737,850), plus accrued interest, on convertible notes originally issued August 16, 2023. Aziz Rahimtoola, Sabio's CEO, subscribed to $388,649 (CAD $537,850) of the new debentures by rolling over the principal from his previously retired convertible note. The debentures carried a six-month term at 15% simple annual interest (7.5% over the six-month period), and the Company issued 170,066 common shares as Bonus Shares at $0.38 (CAD $0.53) per share in connection with the offering. On February 25, 2026, the Company extended these debentures by six months, to August 25, 2026, issuing an additional 581,561 common shares as Bonus Shares at CAD $0.31 per share, based on the 10-day VWAP.

On November 11, 2025, the Company closed a brokered private placement under the Listed Issuer Financing Exemption, issuing 2,960,000 common shares at $0.31 (CAD $0.43) per share for gross proceeds of $908,430 (CAD $1,272,800), led by Canaccord Genuity Corp. and Beacon Securities Ltd. Net proceeds were used to fund operations and growth initiatives.

On April 29, 2026, the Company completed a tranche of 12% subordinated, secured convertible debentures for gross proceeds of $657,688 (CAD $900,000). The debentures carry a 12-month term, bear simple interest at 12% per annum payable semi-annually in cash, and are convertible at the holder's option into common shares at $0.22 (CAD $0.30) per share. They are secured by a general security agreement over the Company's present and after-acquired North American assets, with any unconverted principal repaid at maturity at 107% of face value plus accrued interest.

Subsequent to quarter end, the Company, through its wholly-owned subsidiary Sabio London Limited, entered into a US$1.5 million non-revolving, nine-month term loan facility for working capital and general corporate purposes. The facility will be advanced in a single drawing and mature nine months after the funding date. Interest accrues at 25% per annum. The facility is secured by Sabio London's assets and certain unfactored receivables. No securities of the Company will be issued in connection with the facility, and no finder's fee, commission, or loan bonus is payable.

Below is a summary of cash provided by (used in) operating, investing, and financing activities for the periods indicated:

	June 30, 2026	June 30, 2025
	$	$
Cash flows from (used in) operating activities	**3,135,538**	(1,987,684)
Cash flows used in investing activities	**(80,596)**	(30,155)
Cash flows (used in) from financing activities	**(2,902,117)**	897,328
Net increase (decrease) in cash	**152,825**	(1,120,511)
Cash, beginning of period	**1,343,131**	3,300,439
Cash, end of period	**1,495,956**	2,179,928

Cash provided by (used in) provided by operating activities:

Operating activities resulted in $3,135,538 in cash for the six months ended June 30, 2026, which primarily resulted from $8,283,709 in net losses, which were offset by $10,545,472 attributable to movements in non-cash working capital and $873,775 of non-cash adjustments. The primary contributors to the movement in non-cash working capital were a decrease in accounts receivable and an increase in deferred revenue and accounts payable and accrued liabilities.

Cash used in investing activities:

For the six months ended June 30, 2026, cash used in investing activities was $80,596, which consisted of development costs related to internally generated intangible assets, compared to cash used for development costs of $30,155 for the six months ended June 30, 2025.

Cash provided by (used in) financing activities:

Cash used in financing activities for the six months ended June 30, 2026, was $2,902,117, primarily due to:

- A total net payment of $1,909,354 on the Company's credit facility with SLR Digital Finance;
- A total net payment of $1,025,055 on the receivables purchase facility with Revamp Funding Designated Activity Company;
- Net proceeds from issue of convertible debentures of $626,527; and

- Payments of $515,381 towards the Company's lease liabilities.

Security-based compensation:

On June 29, 2022, shareholders of the Company approved a replacement Omnibus Equity Incentive Plan. Under the plan, the Company issues security-based compensation, including options and restricted stock units.

Stock options:

As at June 30, 2026, the Company was entitled to issue a maximum of 5,495,738 share options outstanding under the Omnibus Equity Incentive Plan, compared to 5,432,435 as at December 31, 2025.

The following table summarizes the continuity of stock options issued by the Company under the Omnibus Equity Incentive Plan:

Measurement date	Number of Options	Weighted average exercise price
	#	$
Balance, December 31, 2024	2,506,165	0.57
Granted	642,456	0.43
Forfeited	(265,314)	0.57
Balance, December 31, 2025	2,883,307	0.54
Granted	20,000	0.12
Forfeited	(135,837)	0.53
Balance, June 30, 2026	**2,767,470**	**0.54**
Options exercisable, December 31, 2025	2,184,744	0.59
Options exercisable, June 30, 2026	**2,312,244**	**0.57**

Restricted stock units (RSUs):

As at June 30, 2026, the Company was entitled to issue a maximum of 4,550,993 other security-based awards (including RSUs) outstanding under the Omnibus Equity Incentive Plan. The following table summarizes the continuity of RSUs issued by the Company under the Omnibus Equity Incentive Plan:

Measurement date	Number of RSUs	Weighted average grant price
	#	$
Balance, December 31, 2024	487,996	0.49
Granted	342,152	0.24
Forfeited	(8,335)	0.74
Vested and redeemed	(399,021)	0.49
Vested pending share issuance	(16,666)	0.32
Balance, December 31, 2025	406,126	0.28
Granted	40,000	0.12
Forfeited	(29,168)	0.32
Vested and redeemed	(34,806)	0.69
Balance, June 30, 2026	**382,152**	**0.22**

Compensation Warrants:

In connection with the LIFE Offering closed on November 11, 2025, the Company issued an aggregate of 177,600 compensation warrants to Canaccord Genuity Corp., together with Beacon Securities Ltd. (collectively, the "Agents"). Each compensation warrant is exercisable to acquire one common share of the Company at a price of $0.31 (CAD$0.43) per compensation warrant share until November 12, 2027. During the three and six months ended June 30, 2026 (2025: Nil), no compensation warrants were exercised.

CONTRACTUAL OBLIGATIONS

The following are the contractual maturities for the financial liabilities as at June 30, 2026:

June 30, 2026	**Contractual cash flows**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Trade and other payables	**21,283,632**	21,283,632	-	-	-
Lease liability	**2,250,725**	1,012,777	1,237,948	-	-
Loans payable	**8,961,147**	8,539,465	28,699	30,975	362,008
	32,495,504	30,835,874	1,266,647	30,975	362,008

The following are the contractual maturities for the financial liabilities as at December 31, 2025:

December 31, 2025	**Contractual cash flows**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Trade and other payables	**15,394,116**	15,394,116	-	-	-
Lease liability	**2,768,300**	997,559	1,733,728	37,013	-
Loans payable	**11,366,449**	10,935,074	27,992	29,887	373,496
	29,528,865	27,326,749	1,761,720	66,900	373,496

The loans payable balance as at June 30, 2026 includes:

(i) $4,128,918 outstanding under the credit facility with SLR Digital Finance, which provides for a three-year $10 million senior-secured revolving credit facility at an interest rate of the greater of: (i) Prime rate plus 2.15%, or (ii) 8.5%, and is secured against all assets of the Company's U.S. operating subsidiaries. Advances made under the facility will be available up to an amount equal to: (a) 85% of eligible accounts receivable of the Company's U.S. operating subsidiaries; plus (b) the lesser of (i) 70% of the aggregate outstanding amount of eligible unbilled receivables or (ii) $3,000,000. On February 25, 2026, the Company signed a loan addendum with SLR Digital Finance to increase the advance rate applicable to eligible unbilled receivables to 80%, effective March 31, 2026.

(ii) $2,020,804 outstanding under the receivables purchase facility with Revamp Funding Designated Activity Company, provided for the Company's subsidiary, Sabio London Limited. The facility covers approved debtors within the United Kingdom and provides for advances of up to 90% of eligible accounts receivable, subject to an aggregate exposure limit of GBP £3 million, which was increased to GBP £5 million on May 20, 2026. Advances under the facility bear a discount charge of 0.54% per month and a service fee ranging from 0.99% to 1.01% per month.

(iii) $1,322,396 outstanding under the 15% subordinated, unsecured, non-convertible debentures issued on August 25, 2025, through a non-brokered private placement for gross proceeds of $1,302,734 (CAD $1,802,850) which were used to retire prior convertible notes issued on August 16, 2023. The debentures have a six-month term and bear a simple interest at a rate of 15% per annum (calculated as 7.5% on a 6-month period). Prior to maturity, the Company had the option to extend the debt instrument for an additional 6-month term in return for Bonus Shares equal to 10% of the principal amount extended. As part of this offering, Aziz Rahimtoola, Sabio's CEO, subscribed to the new debenture note with an aggregate principal amount of $388,649 (CAD $537,850) by rolling over the principal portion of his previously retired unsecured convertible note. On February 25, 2026, the Company announced a six-month extension of the unsecured debentures from February 25, 2026 to August 25, 2026. In connection with the extension, the Company issued 581,561 common shares in the capital of the Company ("Bonus Shares") at a price of CAD $0.31 per Bonus Share, based on the 10-day VWAP.

(iv) $437,000 unsecured non-convertible promissory notes closed on October 1, 2025 with Mr. Aziz Rahimtoola – the Company's CEO. The promissory notes are due on demand and bear a simple interest at a rate of 15% per annum. There shall be no penalty for early repayment of all or any part of the principal by the Company.

(v) $616,762 outstanding under the Company's 12% subordinated secured convertible debentures issued on April 29, 2026. The debentures have a 12-month term, bear simple interest at 12% per annum, are convertible into common shares of the Company at a conversion price of CAD $0.30 per share at the holder's option prior to maturity, and are secured by a general security agreement over all present and after-acquired North American personal property of the Company. At maturity, any unconverted principal is repayable in cash at 107% of the principal amount, together with all accrued and unpaid interest.

COMMITMENTS

On August 8, 2022, the Company entered a lease for an office in Hyderabad, India with Gowra Ventures (P) Ltd with the assured period of five years from the rent commencement date. The lease contains non-lease components for maintenance charges and usage charges amounting to $273,253 (INR 22,589,800) for the assured period.

On March 17, 2023, the Company entered a lease for a new office in Playa del Rey, California for 67 months with Culver Studio Partners LLC. The lease contains non-lease components for maintenance charges and usage charges amounting to $548,097 for the 67-month term.

The future minimum commitment for these contracts, excluding lease payments identified in Note 10 of the Condensed Interim Consolidated Financial Statements, as at June 30, 2026 is as follows:

Within one year	$	148,764
Less than one year and not longer than five years		174,749
Thereafter		-
	$	**323,513**

RELATED PARTY TRANSACTIONS

On November 20, 2023, several arrangements were agreed to between the Company and certain Canadian parties, including Liam Farrell (a related party of the Company) for exercising an aggregate of 2,804,702 share purchase warrants (including 182,136 share purchase warrants held by Liam Farrell) at an exercise price of CAD$0.21 ($0.17).

The share purchase warrants were originally issued by the Company on January 11, 2021. These arrangements include the provision of promissory notes between the Company and warrant holders. As at June 30, 2026, the balance of promissory note due from Liam Farrell, including accrued interest and net of expected credit losses, was $25,938.

On August 25, 2025, the Company closed a non-brokered, private placement offering of 15% subordinated and unsecured, non-convertible debentures of the Company for gross proceeds of $1,302,734 (CAD $1,802,850). The proceeds were used to retire the entire principal amount of $1,261,645 (CAD $1,737,850), together with accrued interest, on the secured and unsecured convertible notes originally issued on August 16, 2023. As part of this offering, Aziz Rahimtoola, Sabio's CEO, subscribed to the new debenture note with an aggregate principal amount of $388,649 (CAD $537,850) by rolling over the principal portion of his previously retired unsecured convertible note. The new debentures had a six-month term and bear a simple interest at a rate of 15% per annum (calculated as 7.5% on a 6-month period). Prior to maturity, the Company had the option to extend the debt instrument for an additional 6-month term in return for Bonus Shares equal to 10% of the principal amount extended. At the date of issue, $1,238,050 (net of transaction costs of $22,246 and including the associated loss on extinguishment of the convertible notes of $7,529) were classified as a liability component and $49,373 (net of transaction costs of $594) was classified as share capital for the bonus shares issued as a part of the debenture offering. The balance of the non-convertible debenture due to Aziz Rahimtoola as at June 30, 2026 classified as a liability component was $375,410 (2025 - $387,729) and classified as share capital for the bonus shares issued as a part of the debenture offering was $15,400 (2025 - $15,400). On February 25, 2026, the Company announced a six-month extension of the unsecured debentures from February 25, 2026 to August 25, 2026. In connection with the extension, the Company issued 581,561 common shares in the capital of the Company ("Bonus Shares") at a price of CAD $0.31 per Bonus Share, based on the 10-day VWAP.

On October 1, 2025, the Company issued unsecured, non-convertible promissory notes to its Chief Executive Officer, Mr. Aziz Rahimtoola, for the Company to borrow gross proceeds of $500,000. The notes borrowed from Mr. Rahimtoola are payable on demand and bear simple interest at 15% per annum. The Company may repay all or any portion of the principal at any time without penalty. The promissory notes outstanding balance as at June 30, 2026 was $437,000.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any material off-balance sheet arrangements.

ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Condensed Interim Consolidated Financial Statements and application of IFRS often involve Management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. Significant assumptions and estimates used in preparing the financial statements include those related to credit quality of accounts receivable, income tax credits receivable, share-based payment transactions, capitalization and amortization of internally generated development costs, impairment tests for non-financial assets, going concern as well as revenue, volume incentive discounts and cost recognition. Sabio bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived from different judgments or using different assumptions or estimates, and events may occur that could require material adjustment. Material accounting policies and estimates under IFRS are found in Notes 3 and 4 of the Company's Condensed Interim Consolidated Financial Statements.

CHANGES IN ACCOUNTING POLICIES

For the three and six months ended June 30, 2026, the Company adopted two amendments and one improvement for the first time, but the adoption did not have a material impact on the Condensed Interim Consolidated Financial Statements. Sabio's material accounting policies are provided in Note 3 of the Condensed Interim Consolidated Financial Statements.

INTERNAL CONTROLS

Effective internal controls are necessary for Sabio to provide reliable financial reports and to help prevent fraud. Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to Sabio's CEO and to others within those entities on a timely basis, particularly during the period in which the annual filings are being prepared, so that appropriate decisions can be made regarding public disclosure.
An evaluation of the adequacy of the design and effective operation of the Company's disclosure controls and procedures was conducted under the supervision of management, including Sabio's CEO, as at December 31, 2025. Based on that evaluation, the CEO concluded that the design and operation of the system of disclosure controls and procedures were adequate as at December 31, 2025.

There have been no changes to Sabio's internal controls over financial reporting during the three and six months ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, Sabio's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

As at June 30, 2026, there were (i) 54,957,382 common shares issued and outstanding, (ii) 2,767,470 stock options outstanding with a weighted average exercise price per common share of $0.54 and a weighted average contractual life of 6.38 years, (iii) 382,152 RSUs outstanding with a weighted average grant price of $0.22 and a weighted average contractual life of 0.48 years and (iv) 177,600 compensation warrants outstanding with a weighted average exercise price of $0.31 and a weighted average contractual life of 1.37 years. As at December 31, 2025, there were (i) 54,324,349 common shares issued and outstanding, (ii) 16,666 common stock issuable outstanding, (iii) 2,883,307 stock options outstanding with a weighted average exercise price per common share of $0.54 and a weighted average contractual life of 6.90 years, (iv) 406,126 RSUs outstanding with a weighted average grant price of $0.28 and a weighted average contractual life of 0.96 years and (v) 177,600 compensation warrants outstanding with a weighted average exercise price of $0.31 and a weighted average contractual life of 1.87 years.

No shares were repurchased during the three and six months ended June 30, 2026 and during the year end December 31, 2025.

RISK FACTORS

Sabio is exposed to a variety of business, financial and industry risks in the normal course of operations. A detailed description of risk factors associated with the Company's business is given in the "Risk Factors" section of the Annual Information Form for the year ended December 31, 2025, which is available under the Company's profile on SEDAR+ at sedarplus.ca.

SUBSEQUENT EVENTS

On August 5, 2026, the Company, through its wholly-owned subsidiary Sabio London Limited, entered into a US$1.5 million non-revolving term loan facility with an arm's-length private credit provider for working capital and general corporate purposes. The facility will be advanced in a single drawing, mature nine months after funding, and bear interest at 25% per annum, generally paid in kind. The facility is secured by certain assets and unfactored receivables of Sabio London Limited, and no securities of the Company will be issued in connection with it. Subject to board approval and the consent of SLR Digital Finance, the Company may also establish a controlled account, upon maturity of debentures held by CEO Aziz Rahimtoola (aggregate principal of C$537,850), into which any repayment proceeds could be deposited; if implemented, this arrangement would constitute a related party transaction under Multilateral Instrument 61-101, for which the Company expects to rely on available exemptions from formal valuation and minority approval requirements, with Mr. Rahimtoola disclosing his interest and abstaining from any related vote.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's AIF, is posted on SEDAR+ at sedarplus.ca.