



AirIQ Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three and Six Months Ended September 30, 2025

The following management's discussion and analysis of the consolidated results of operations and financial condition of AirIQ Inc. ("AirIQ" or the "Company") is made as of November 11, 2025 and should be read in conjunction with the consolidated financial statements as at and for the years ended March 31, 2025 and March 31, 2024 and accompanying notes. The accompanying consolidated interim financial statements of AirIQ have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accompanying consolidated interim financial statements and this management's discussion and analysis have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

The accompanying consolidated interim financial statements include the accounts of AirIQ and its wholly owned subsidiaries, AirIQ U.S. Holdings, Inc. ("AirIQ Holdings"), AirIQ U.S., Inc. ("AirIQ USA"), and AirIQ, LLC ("AirIQ LLC"). All inter-company balances and transactions have been eliminated on consolidation.

The accompanying consolidated interim statements of comprehensive income are presented for the three and six months ended September 30, 2025 and include the operating results of AirIQ Inc. and its wholly owned subsidiaries.

As used in this discussion and unless the context otherwise requires, or unless otherwise indicated, all references to "AirIQ", the "Company", "we", "us", "our", or similar expressions, refer to AirIQ Inc. and its consolidated subsidiaries.

The preparation of financial statements and related disclosures in conformity with IFRS requires management to make estimates that affect the reported amounts of assets, liabilities, revenues, expenses, and contingencies. Management bases its estimates on historical experience and on other assumptions that are believed, at the time, to be reasonable under the circumstances. Under different assumptions or conditions, the actual results may differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are outside of AirIQ's control. AirIQ evaluates such estimates and assumptions on a periodic basis.

Unless otherwise noted herein, all amounts are in thousands of Canadian dollars except share and per share information.

FORWARD-LOOKING STATEMENTS

Management's discussion and analysis contains forward-looking information based on management's best estimates and the current operating environment. These forward-looking statements are related to, but not limited to, AirIQ's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "goal", "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. These statements are based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including AirIQ's perception of historical trends, current conditions and expected future developments as well as other factors management believes are appropriate in the circumstances. Such forward-looking statements are as of the date which such statement is made and are subject to a number of known and unknown risks, uncertainties and other factors, which could cause actual results or events to differ materially from future results expressed, anticipated or implied by such forward-looking statements. Such

factors include, but are not limited to, changes in market and competition, technological and competitive developments, and potential downturns in economic conditions generally, including, without limitation, the impact on local and global markets of epidemic or pandemic diseases. Therefore, actual outcomes may differ materially from those expressed in such forward-looking statements. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Other than as may be required by law, AirIQ disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of such information, future events or otherwise.

COMPANY OVERVIEW

AirIQ was incorporated in 1997, and since that time has played a significant role in the North American telematics industry. It is listed on the TSX Venture Exchange ("TSXV") under the symbol "IQ". AirIQ is a supplier of asset management services and its office is located at 1099 Kingston Road, Suite 207, Pickering, Ontario, L1V 1B5, Canada.

The Company offers an intuitive web-based platform that provides fleet operators and vehicle owners with a suite of asset management solutions to reduce cost, improve efficiency and monitor, manage and protect their assets. Services are available online or via a mobile app, and include instant vehicle locating, boundary notification, automated inventory reports, maintenance reminders, security alerts and vehicle disabling and unauthorized movement alerts.

For additional information on AirIQ and its products and services, please visit the Company's website at www.airiq.com. The information on AirIQ's website is not considered to be a part of this management's discussion and analysis.

BUSINESS REVIEW

The Company is focusing its efforts and resources on revenue growth and profitability by continuing to offer leading-edge technology solutions for existing and new customers. We continue to focus on recurring revenues, gross profits and improving cash-flows to build a sustainable business.

Second Quarter Highlights (for the three months ended September 30, 2025 compared to September 30, 2024)

- Recurring revenue of \$1,386 increased by 16% or \$187 compared to \$1,199 for the prior year.
- Hardware revenue of \$142 increased by 103% or \$72 compared to \$70 for the prior year.
- Total revenue of \$1,528 increased by 20% or \$259 compared to \$1,269 for the prior year.
- Gross profit of \$909 increased by 11% or \$92 compared to \$817 for the prior year.
- EBITDAS of \$245 increased by 39% or \$69 compared to \$176 for the prior year.
- Investment into sales and marketing continues, increasing sales and marketing spend to \$361, an increase of 3% or \$10 compared to \$351 for the prior year.
- Net income of \$136 increased 368% or \$107 compared to \$29 for the prior year.
- Cash and cash equivalents balance of \$2,553 decreased by 20% or \$504 compared to \$3,057 for the prior year.
- Working capital of \$2,749 decreased by 28% or \$769 compared to \$3,518 for the prior year. (Working capital has been calculated by netting current assets, excluding current costs of deferred revenues, and current liabilities, excluding deferred revenue that are non-cash items.)

Quarter over Quarter Highlights (for the three and six months ended September 30, 2025 compared to June 30, 2025)

- Recurring revenue of \$1,386 increased by 5% or \$63 compared to \$1,323 for the prior quarter
- Hardware revenue of \$142 increased by 43% or \$43 compared to \$99 for the prior quarter
- Total revenue of \$1,528 increased by 7% or \$106 compared to \$1,422 for the prior quarter
- Gross profit of \$909 increased by 4% or \$37 compared to \$872 for the prior quarter
- EBITDAS of \$245 increased by 18% or \$37 compared to \$208 for the prior quarter
- Net income of \$136 increased by 750% or \$120 compared to \$16 for the prior quarter

Normal Course Issuer Bid

The Company filed a Notice of Intention to Make a Normal Course Issuer Bid (the “Bid”) with the TSX Venture Exchange (“TSXV”) commencing June 27, 2024 and ending on June 26, 2025. Pursuant to the Bid, the Company proposed to purchase through the facilities of the TSXV up to 1,468,004 common shares, representing approximately 5% of the then issued and outstanding common shares of the Company. The Company’s broker for the Bid is Hampton Securities Limited.

The Company had also announced the renewal of its normal course issuer bid on June 24, 2025, to purchase up to 1,455,829 common shares representing 5% of the Company’s then current issued and outstanding common shares through the facilities of the TSXV during the period commencing June 27, 2025 and ending on June 26, 2026 (the “Renewal Bid”).

During the three and six months ended September 30, 2025, the Company repurchased for cancellation 272,500 and 561,500 common shares, pursuant to the Bid (three and six months ended September 30, 2024 – nil and 17,500) for a total purchase price of approximately \$105 or \$0.38 per share and \$200 or \$0.36 per share (three and six months ended September 30, 2024 - \$nil and \$7 or \$0.40), and paid broker fees of approximately \$1 and \$3 (three and six months ended September 30, 2024 - \$nil and \$nil), for such repurchase. Of the shares purchased during the three and six months ended September 30, 2025, 3,000 common shares had not yet been cancelled as of that date. Including the 52,500 common shares purchased in the year ended March 31, 2025 and subsequently cancelled on May 1, 2025, a total of 611,000 common shares have been cancelled as of September 30, 2025.

As at November 11, 2025, the Company has a total of 29,047,074 common shares issued and outstanding.

Unless otherwise noted herein, all references to dollar amounts are in Canadian dollars in thousands of dollars except share and per share information.

RESULTS OF OPERATIONS

Revenues

Total revenue consists of airtime services, hardware, components and miscellaneous parts, repair, warranties, and sales related to lost units.

Revenue from airtime services are recognized as services over the life of the contract as services are provided; revenue from hardware, components and miscellaneous parts, repairs and lost unit sales that are independent of the provision of airtime services are recognized upon delivery; and revenue from hardware, components and miscellaneous parts and warranties sold as part of airtime service contracts are recorded as deferred revenue and recognized over the initial term of the service contract.

Rental programs, which are included under the category of hardware, components, and other items sold as part of airtime service contracts, differ in that they do not involve a hardware revenue component. Instead, all revenue from rental programs is recognized as recurring, or service, revenue over the contract term, reflecting the service-based nature of these arrangements.

Total revenue for the three months ended September 30, 2025, increased 20% to \$1,528 from \$1,269 for the three months ended September 30, 2024.

Total revenue for the six months ended September 30, 2025, increased 1% to \$2,950 from \$2,922 for the six months ended September 30, 2024.

The impact of the change in the U.S. to CAD dollar exchange rate was not material.

Recurring Revenues

Recurring revenue from service contracts of \$1,386 represents an increase of 16%, compared to \$1,199 for the three months ended September 30, 2024. Recurring revenue represented 91% of total revenue for the three months ended September 30, 2024, compared to 94% of total revenue for the three months ended September 30, 2024.

Recurring revenue from service contracts of \$2,709 represents an increase of 14%, compared to \$2,372 for the six months ended September 30, 2024. Recurring revenue represented 92% of total revenue for the six months ended September 30, 2024, compared to 81% of total revenue for the six months ended September 30, 2024.

Hardware and Other Revenues

Included in the Company's revenues are:

- Sales of hardware units associated with service contracts of approximately \$36 and \$62, during the three and six months ended September 30, 2025, compared to \$16 and \$424 during the three and six months ended September 30, 2024.
- Sales of units that were sold without a fixed term service contract of approximately \$77 and \$131, during the three and six months ended September 30, 2025 compared to \$34 and \$85 for the three and six months ended September 30, 2024.
- Miscellaneous parts, repair, warranty and lost unit sales of approximately \$29 and \$48 during the three and six months ended September 30, 2025, compared to \$20 and \$41 for the three and six months ended September 30, 2024.

Gross Profit

Overall, gross profit increased by 11% to \$909 for the three months ended September 30, 2025 compared to \$817 for the three months ended September 30, 2024.

Gross profit increased by 2% to \$1,781 for the six months ended September 30, 2025, compared to \$1,738 for the six months ended September 30, 2024.

Gross margin as a percentage of revenues of 59% and 60% for the three and six months ended September 30, 2025 increased compared to 64% and 59% for the three and six months ended September 30, 2024.

Equipment gross profits increased by approximately 319%, or \$35, to \$19 during the three months ended September 30, 2025, from \$(16) for the three months ended September 30, 2024.

Equipment gross profits decreased by approximately 75%, or \$57, to \$19 during the six months ended September 30, 2025 from \$76 for the six months ended September 30, 2024.

Service contract gross profits increased by approximately 7% and 6%, or \$57 and \$100, to \$890 and \$1,762, for the three and six months ended September 30, 2025, from \$833 and \$1,662 for the three and six months ended September 30, 2024.

Expenses and Other Items

Expenses include sales and marketing costs, general and administrative expenses and engineering and research expenses.

“Sales and marketing” expenses include all salaries and related costs of marketing, sales, client care, account management and other direct expenses such as advertising, marketing and sales support materials, trade show and other travel costs.

“Engineering and research” expenses consist of costs associated with acquired and internally developed software and device hardware, including fees to independent contractors and salaries and related expenses of personnel engaged in these activities.

“General and administrative” expenses include salaries and related costs including finance, information technology and administrative personnel. In addition, general and administrative expenses include rent and occupancy costs, professional fees, insurance, investor relations, directors’ fees, regulatory filing fees, travel and costs related to board of directors or committee activities.

Sales and marketing, research and development and general and administrative expenses totalled \$664 and \$1,328 for the three and six months ended September 30, 2025 compared to \$641 and \$1,337 for the three and six months ended September 30, 2024.

Expense increases for the three months ended September 30, 2025, when compared to the three months ended September 30, 2024 occurred in the following areas: (a) increase in wage and related expenses of \$92, and (b) rent and maintenance of \$4. These expenses increases were offset by decreases in the following areas: (a) consulting costs of \$6, (b) other expenses of \$2, (c) legal and audit costs of \$51, (d) computer operating costs of \$5, and e) bad debt expense of \$9.

Expense decreases for the six months ended September 30, 2025, when compared to the six months ended September 30, 2024, occurred in the following areas: (a) public reporting costs of \$1, (b) consulting costs of \$11, (c) commercial, officer and director insurance of \$1, (d) legal fees, audit and tax of \$40, (e) computer operating of \$1, (f) bad debt expense of \$11, and (g) other expenses of \$11. These expense decreases were offset by increases in the following areas: (a) increase in wage and related expenses of \$57, and (b) rent and maintenance of \$10.

Interest and Other Financing Charges

Net interest income for the three and six months ended September 30, 2025 was \$21 and \$43, compared to \$23 and \$52 for the three and six months ended September 30, 2024.

Depreciation and Amortization

Amortization for the three and six months ended September 30, 2025 was \$123 and \$243, compared to \$113 and \$222 for the three and six months ended September 30, 2024.

Foreign Exchange

For the three and six months ended September 30, 2025, the Company recorded a foreign exchange gain of \$26 and loss of \$52, compared to a loss of \$23 and \$11 for the three and six months ended September 30, 2024.

Stock Based Compensation

For the three and six months ended September 30, 2025, the Company recorded a stock-based compensation expense of \$14 and \$30, compared to \$34 and \$71 for the three and six months ended September 30, 2024.

Net Income

The Company generated net income for the three and six months ended September 30, 2025 of \$136 and \$152, or \$nil and \$0.01 per share, compared to net income of \$29 and \$136, or \$nil and \$nil per share, for the three and six months ended September 30, 2024.

The increase in net income for the three months ended September 30, 2025, when compared to the three months ended September 30, 2024, can be attributed to: (a) an increase in gross profit of \$92 (see *Gross Profit* above), and (b) a decrease in stock based compensation of \$20 (see *Stock Based Compensation*), and (c) a foreign exchange gain of \$49. These decreases were offset by changes in the following areas: (a) an increase in expenses of \$23 (see *Expenses* above), (b) a decrease in interest income of \$2, (c) an increase in depreciation expense of \$10 (see *Depreciation and Amortization*), and (d) a loss on disposal of fixed assets of \$19.

The increase in net income for the six months ended September 30, 2025, when compared to the six months ended September 30, 2024, can be attributed to: (a) an increase in gross profits of \$43, (b) a decrease in expenses of \$9, (c) a decrease in stock based compensation of \$41. These increases were offset by changes in the following areas: (a) a decrease in interest income of \$9, (b) an increase in depreciation expense of \$21, and (c) an increase in loss of disposal of fixed assets of \$6, and (d) an increase in foreign exchange loss of \$41.

Summary of Quarterly Results

The information in the table below has been derived from the Company's consolidated financial statements.

For the quarter ended	30-Sep-25	30-Jun-25	31-Mar-25	31-Dec-24
Recurring revenues	\$1,386	\$1,323	\$1,228	\$1,200
Hardware and other revenues	\$142	\$99	\$85	\$107
Total revenues	\$1,528	\$1,422	\$1,313	\$1,307
Gross profit	\$909	\$872	\$841	\$817
Gross profit margin %	59%	61%	64%	63%
Expenses ⁽¹⁾	\$664	\$664	\$674	\$718
Operating profit ⁽²⁾	\$245	\$208	\$167	\$99
Other expenses ⁽³⁾	\$109	\$192	\$128	\$71
Total net income (loss)	\$136	\$16	\$39	\$28
Income per share, basic ⁽⁴⁾	\$0.01	\$0.00	\$0.01	\$0.01
Income per share, diluted ⁽⁴⁾	\$0.01	\$0.00	\$0.01	\$0.01

For the quarter ended	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23
Recurring revenues	\$1,199	\$1,173	\$1,097	\$1,091
Hardware and other revenues	\$70	\$480	\$116	\$108
Total revenues	\$1,269	\$1,653	\$1,213	\$1,199
Gross profit	\$817	\$921	\$809	\$769
Gross profit margin %	64%	56%	67%	64%
Expenses ⁽¹⁾	\$641	\$696	\$508	\$522
Operating profit ⁽²⁾	\$176	\$225	\$301	\$247
Other expenses ⁽³⁾	\$147	\$118	\$98	\$112
Total net income (loss)	\$29	\$107	\$203	\$135
Income per share, basic ⁽⁴⁾	\$0.00	\$0.00	\$0.03	\$0.02
Income per share, diluted ⁽⁴⁾	\$0.00	\$0.00	\$0.03	\$0.02

(1) Excludes share-based compensation and foreign exchange.

(2) Operating profit represents earnings before interest, depreciation and amortization, impairment of long-lived assets, share-based compensation and foreign exchange gain or loss.

(3) Includes non-cash notional charges such as interest, depreciation and amortization, impairment of long-lived assets, share-based compensation and foreign exchange gains or losses.

(4) Represents earnings per share for year-to-date income.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

The Company generated approximately \$399 cash from operating activities during the three months ended September 30, 2025; \$406 generated from operations and \$7 used from working capital. This compares with cash used of approximately \$142 from operating activities during the three months ended September 30, 2024; \$257 generated from operations and \$399 used from working capital.

For the six months ended September 30, 2024, the Company generated approximately \$719 cash from operating activities; \$646 generated from operations and \$73 generated from working capital, compared to \$444 generated from operating activities during the six months ended September 30, 2024; \$603 generated from operations and \$159 used from working capital.

Proceeds from equipment sold in connection with service contracts are recorded as deferred revenue and recognized over the expected life of the equipment on a straight-line basis.

Deferred revenue totaled \$442 as at September 30, 2025 and \$632 as at September 30, 2024.

As at September 30, 2025, the Company had cash on hand of \$2,553 and positive working capital of \$2,749. Working capital is defined as total current assets, excluding current costs of deferred revenues, less total current liabilities, excluding deferred revenue and lease obligations. Costs of deferred revenues, deferred revenues and lease obligations are non-cash items.

Investing activities

Investing activities related to additions to software, rental units and property, plant and equipment for the three and six months ended September 30, 2025 totaled approximately \$704 and \$1,062 of cash used compared with approximately \$247 and \$517 of cash used for the three and six months ended September 30, 2024. The Company spent approximately \$158 and \$257 on software development related to the integration of new hardware onto its existing platform, upgrade of customer interfaces and development of new solution features during the three and six months ended September 30, 2025 (three and six months ended September 30, 2024 - \$134 and \$229).

Investing activities related to acquisitions for the three and six months ended September 30, 2025 totaled \$nil and \$nil of cash used compared with \$40 and \$108 used for the three and six months ended September 30, 2024.

Financing activities

Credit Facility

The Company has a \$750 revolving demand facility with Royal Bank of Canada (“RBC”). The credit facility is a standard operating line with certain covenants, including a first priority general security over the Company’s assets. As at September 30, 2025, \$nil (September 30, 2024 - \$nil) has been drawn from this demand credit facility. The Company paid RBC a total of approximately \$nil related to interest on the credit facility during the three and six months ended September 30, 2025 (three and six months ended September 30, 2024 - \$nil), which is included in interest expense in the accompanying consolidated statement of income.

Contractual Obligations

September 30, 2025: Payments due by year

	Total	2026	2027	2028	2029	2030
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	653	653	—	—	—	—
Operating leases	63	23	40	—	—	—
	716	676	40	—	—	—

September 30, 2024: Payments due by year

	Total	2025	2026	2027	2028	2029
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	509	509	—	—	—	—
Operating leases	42	8	34	—	—	—
	551	517	34	—	—	—

COMMITMENTS AND CONTINGENCIES

Commitments

Total future minimum payments under leases for premises are approximately \$63.

Management Contracts

The Company is party to certain management contracts. The Company has minimum contractual commitments with these contracts of \$150, all due within one year. Included is a contractual commitment to pay a consultant \$150 on termination of the consulting contract by the Company without cause or in the event of a “change of control” as defined in the consulting agreement; provided however in no event shall the Company be required to pay more than \$150 if both events shall occur simultaneously. The Company has also entered into various contracts with minimum payments of \$100 on termination due within one year. As a triggering event has not occurred, no provision has been made with respect to this commitment.

Profit-Sharing Plan

The Company has a profit-sharing plan to incentivize employees, officers and designated consultants of the Company to meet specific goals and objectives. The current profit-sharing plan approved by the Board includes a profit-sharing pool subject to meeting certain criteria related to recurring revenue growth and operating profit calculated annually commencing April 1, 2025. No amounts related to the bonus pool has been accrued thus far. Payments under the profit-sharing plan shall be determined annually by the Board of Directors and the Chief Executive Officer following release of the Company’s March 31st fiscal year end results.

Contingencies

The Company, in the course of its normal operations, is subject to claims, lawsuits, patent infringement claims and contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Recently, the Company has received a Statement of Claim which it believes is both meritless and frivolous, and will be vigorously defending this claim. While it is possible that liabilities may be incurred in instances for which no accruals have been made, the outcome of any actions is unable to be reasonably estimated at this time.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors and officers, and enterprises that are controlled by these individuals, as well as certain persons performing similar functions.

The following is a summary of the Company’s related party transactions during the three months ended September 30, 2025 and September 30, 2024:

a) **Key Management Compensation**

Key management personnel compensation is comprised of:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024
	\$	\$
Salary, consulting fees and benefits	210	232
Share-based payments	9	31
Directors fees	13	13
	232	276

b) Related Party Transactions

During the three and six months ended September 30, 2025, the spouse of a director of the Company currently is employed in a non-executive role and received a salary of \$44 and \$53 which is not part of the aforementioned table (three and six months ended September 30, 2024 - \$42 and \$52).

OUTSTANDING SECURITIES DATA

	Authorized	Issued and Outstanding as at 30-Sep-2025	Issued and Outstanding as at 11-Nov-2025
Common shares	unlimited	28,997,074	29,047,074
Warrants	n/a	—	—
Stock options	n/a	2,290,000	2,240,000

CRITICAL ACCOUNTING ESTIMATES

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, forfeiture rate and dividend yield and making assumptions about them.

Warranty

The Company uses historical warranty claim information, as well as recent trends that might suggest that post-cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives, as well as parts and labour costs. Actual claims costs may differ from management's estimates depending upon whether the actual claims costs were significantly different than the estimates.

Recognition and valuation of deferred taxes

The Company assesses the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income at the end of each reporting period.

Impairment

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future

cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets including software, rental units, and property, plant and equipment at each reporting date based on the expected utility of the assets to the Company. Actual results may vary due to technical obsolescence. Details of the software, rental units and property, plant and equipment are provided in note 6 in the accompanying consolidated financial statements.

Inventory

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's business is subject to technology changes which may cause selling prices to change rapidly. Moreover, future realization of the carrying amounts of inventory assets is affected by price changes in different market segments. Details of the inventory balances are provided in note 5 in the accompanying consolidated financial statements.

Revenue recognition

The Company offers certain arrangements whereby a customer can purchase products and services together. It was determined that the products and the related services are distinct and should be recognized separately. Where such multiple-element arrangements exist, the amount of revenue allocated to each element is based upon the fair values of the various elements. The fair values of each element are determined based on the current market price of each of the elements when sold separately. When the fair value cannot be determined based on when it was sold separately, the Company uses the residual method to determine a value that most reasonably reflects the selling price that might be achieved in a stand-alone transaction.

Revenues related to the sale of hardware are recognized at the time of sale, and revenues for monitoring and supporting services are recognized over the term of the contracted service period with amounts prepaid by customers accounted for as deferred revenues.

Legal claims and contingencies

In accordance with IFRS, the Company recognizes a provision where there is a present obligation from a past event, a transfer of economic benefits is probable, and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognized or disclosed in the consolidated financial statements could have a material effect on the Company's financial position. Application of these accounting principles to legal cases requires the Company's management to make determinations about various factual and legal matters beyond its control. The Company reviews outstanding legal cases, following developments in the legal proceedings, and at each reporting date in order to assess the need for provisions and disclosures in its consolidated financial statements. Among the factors considered in making decisions on provisions are the nature of the litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

Expected credit losses

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

RECENT ACCOUNTING DEVELOPMENTS

Summary of Significant Accounting Policies

During the three and six months ended September 30, 2025, the Company adopted the following new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's accompanying consolidated financial statements, and are described as follows:

IFRS 10 – Consolidated financial statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) – In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

Presentation and Disclosure in Financial Statements (IFRS 18) - In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NON-IFRS MEASURES

Certain non-IFRS measures are presented in this management's discussion and analysis of the consolidated results of operations and financial condition of AirIQ Inc., including, but not limited to "Operating Profit", which is defined as earnings before interest, depreciation and amortization, impairment of long-lived assets, share-based compensation and foreign exchange gains or losses. These measures do not have any standardized meaning prescribed by IFRS and differ from measures determined in accordance with IFRS. The amounts presented may not be comparable with amounts presented by other companies. These non-IFRS measures are intended to provide additional information regarding the Company's financial performance and should not be

construed as an alternative to net income or to cash flows from operating activities (as determined in accordance with IFRS) or as a measure of liquidity.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, promissory notes and obligations under finance lease.

The Company faces currency risk related to the variations in exchange rates between U.S. and Canadian currencies which may affect the Company's operating and financial results. The Company's consolidated activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products to customers in foreign currencies and the purchases of services and raw materials from suppliers invoiced in foreign currencies

The Company is also exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash and cash equivalents and marketable securities in excess of anticipated needs.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management feels that the Company is not currently subject to significant interest rate risk as the Company currently does not have any interest-bearing debt with floating rates.

Further details related to the Company's financial instruments and risk management approach are set out in Note 3, *Summary of Significant Accounting Policies - Financial Instruments*, to the Company's consolidated financial statements as at and for the years ended March 31, 2025 and March 31, 2024.

RISK FACTORS

There are certain risks inherent in an investment in the securities of AirIQ and in the activities of the Company, including the following, which investors should carefully consider before investing in securities of AirIQ. This description of risks does not include all possible risks, and there may be other risks of which the Company is not currently aware.

Global Semiconductor Chip Crisis

The world is in the midst of an ongoing crisis in which the demand for integrated circuits, commonly known as semiconductor chips, is greater than the supply, which has led to significant delays in product availability from one of the Company's significant suppliers. The cause of the global chip crisis is a combination of different events with the COVID-19 pandemic being the primary reason. The pandemic resulted in a major increase in the demand for these chips as the demand for computer, communication and electronic equipment and devices increased, and supply chains were not prepared to keep up with the demand due to facility shutdowns resulting from COVID-19 lockdowns and outbreaks. This was further compounded by trade sanctions and tariffs, and specifically the China–United States trade war. As a result, the Company is experiencing substantial delays in product supply and current inventories are very low. The Company is currently investigating sources of product from alternative suppliers; however the lack of product supply could

have a material effect on the Company's revenues, gross profits and net income, and there can be no assurances that future product shortages will not negatively impact the Company's revenues, profits and income as well.

Lapses in Coverage

Wireless networks and GPS occasionally suffer lapses in coverage due to obstructions blocking the transmission of data to and from vehicles. Such lapses could make AirIQ's services less reliable and useful, and customer satisfaction could suffer, which may result in loss of customers as well as litigation. AirIQ's financial condition could be seriously harmed if it were to suffer operational or technical failures. If wireless carriers do not expand coverage, AirIQ may be unable to offer its services to additional areas. There are a limited number of wireless carriers offering services compatible with AirIQ's service. AirIQ's existing agreements with wireless carriers may be terminated at the end of their respective contract periods. Termination of a wireless carrier's contract with AirIQ could require AirIQ to incur additional costs relating to obtaining alternative coverage from another wireless carrier outside its primary coverage area or AirIQ may be unable to replace the coverage at all, causing a complete loss of service to AirIQ's customers in such coverage areas. Wireless carriers are continually updating their infrastructure and, in turn, shutting down older, slower networks. In December of 2021 the Company's major 2G network supplier in Canada was shut down, and the Company's major 3G network provider in the United States announced the shutdown of their 3G wireless network in February of 2022. There can be no assurances that future wireless sunsets will not negatively impact the Company's revenues, profits and income as well.

Financing Requirements

AirIQ may require additional financing in order to support expansion, develop new or enhanced services, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The ability of AirIQ to arrange such financing will depend in part upon the success of AirIQ's existing and new service offerings and competing technological and market developments. There can be no assurance that AirIQ will be successful in its efforts to arrange additional financing on terms satisfactory to AirIQ. Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of AirIQ will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of AirIQ's common shares. If adequate funds are not available on acceptable terms, AirIQ may be unable to develop or enhance its services and products, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on AirIQ's business, financial condition and operating results.

Dependence on Wireless Carriers

AirIQ depends on wireless networks owned and controlled by others. If AirIQ's customers do not have continued access to sufficient capacity on reliable networks, AirIQ may be unable to deliver services and AirIQ's revenue may decrease. AirIQ's financial condition could be harmed if its wireless carriers were to increase the prices of their services.

Operating Results

AirIQ has incurred significant losses in the past and there can be no assurance that AirIQ will continue to achieve profitability in the future or that AirIQ will be able to generate sufficient cash from operations, or to raise sufficient financing to fund its operations. Operating results of AirIQ could be materially adversely affected by general economic and other conditions affecting the timing of customer demand and specifically the development of the GPS, wireless communication and Internet information markets.

Client Concentration; Dependence on Large Projects

AirIQ has derived, and believes that it will continue to derive, a significant portion of its revenues from a limited number of large client contracts. The loss of any large client could have a material adverse effect on AirIQ's business, financial condition and results of operation. In addition, revenues from a large client may

constitute a significant portion of AirIQ's total revenues in a particular quarter. The cancellation or a significant reduction in orders from these clients could have a material adverse effect on AirIQ's business, financial condition and results of operations.

Fluctuations in Quarterly Operating Results

AirIQ's quarterly revenues and operating results may fluctuate significantly from quarter to quarter due to a number of factors, many of which are outside its control, including the following:

- delays in market acceptance or implementation by customers of AirIQ's products or services;
- delays or restrictions in supply of materials
- changes in demand by a customer's customers for existing and additional services;
- changes in or cancellations of AirIQ's agreements with wireless carriers;
- introduction of new products or services by AirIQ or its competitors;
- changes in AirIQ's pricing policies or those of its competitors or suppliers;
- changes in AirIQ's mix of sources of revenues; and
- changes in accounting standards, including standards relating to revenue recognition, business combinations and share-based payments.

AirIQ's expense levels are based, in part, on its expectation of future revenues. As a result, any shortfall in revenues relative to AirIQ's expectations could cause significant changes in AirIQ's operating results from quarter to quarter.

Rapid Technological Change; Delays in Introduction of New Services and Products

GPS, wireless communication and Internet information industries are characterized by rapid technological change, changes in client requirements, frequent new service and product introductions and enhancements, and emerging industry standards. The introduction of services and products embodying new technologies and the emergence of new industry standards and practices can render existing services and products obsolete and unmarketable. Also, products and services that address the GPS, wireless communication and Internet information markets are likely to contain undetected errors or defects, especially when first introduced or when new versions are introduced. AirIQ's services may not be free from errors or defects, which could result in the cancellation or disruption of AirIQ's services. This would damage AirIQ's reputation and result in lost revenues, diverted development resources and increased service and warranty costs. AirIQ's future success will depend, in part, on its ability to develop leading technologies, enhance its existing services, enter new markets, develop new services that address the increasingly sophisticated and varied needs of its prospective customers, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of new services or enhanced versions of existing services entails significant technical risks. There can be no assurance that AirIQ will be successful in effectively using new technologies, adapting its services to emerging industry standards, developing, introducing and marketing service enhancements, or new services, or that it will not experience difficulties that could delay or prevent the successful development, introduction or marketing of these services, or that its new service enhancements will adequately meet the requirements of the marketplace and achieve market acceptance. If AirIQ is unable to develop and introduce new services or enhancements of existing services in a timely manner in response to changing market conditions or customer requirements, or if new services do not achieve market acceptance, AirIQ's business, financial condition and operating results will be materially adversely affected.

Risk of Infringement

AirIQ may in the future receive notices of claims of infringement of other parties' proprietary rights. There can be no assurance that claims for infringement or invalidity (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against AirIQ. Any such claims, with or without merit, could be time consuming to defend, result in costly litigation, divert management's attention and resources or require AirIQ to enter into royalty or licensing agreements. There can be no assurance that such licenses would

be available on reasonable terms, if at all, and the assertion or prosecution of any such claims could have a material adverse effect on AirIQ's business, financial condition and operating results.

Product Liability Claims

AirIQ may be subject to claims for damages related to errors and malfunctions of AirIQ's hardware components or their installation. A product liability claim could seriously harm AirIQ's business because of the costs of defending against this type of lawsuit, diversion of employees' time and attention, and potential damage to AirIQ's reputation. Some of AirIQ's agreements with its customers contain provisions designed to limit exposure to potential product liability claims. Limitation of liability provisions contained in AirIQ's agreements may not be enforceable under the laws of some jurisdictions. As a result, AirIQ could be required to pay substantial amounts of damages in settlement or upon the determination of any such type of claims.

Supply Arrangements

AirIQ has established a number of relationships with major suppliers and service providers for critical components of AirIQ's products and services. AirIQ will continue to seek out similar arrangements in the future. There can be no assurance that any such partnerships or arrangements will be maintained, and that if such relationships are maintained, they will be successful or profitable, or that AirIQ will develop any new such relationships. Reliance on such relationships exposes AirIQ to risks arising from such third parties' integrity, reputation, solvency or operations, as well as product and/or service quality, quantity, delivery, security, privacy, availability or suitability, over which AirIQ has no control, and which may have a material adverse effect on AirIQ's business, financial condition and results of operations.

The Company relies on certain key suppliers for the manufacturing of new in-vehicle devices and the delivery of wireless network services. The global chip shortage described above and other economic factors resulting from the Covid 19 pandemic have resulted in increased costs and expenses related to AirIQ's products and services. The Company continues to source alternative suppliers; however, no assurances can be given that the Company will not experience delays or other difficulties in sourcing sufficient and cost effective devices or wireless network services to meet the Company's needs.

Dependence on Key Personnel

AirIQ's success will depend in large part upon the continued services of a number of key employees. The loss of the services of one or more of AirIQ's key personnel could have a material adverse effect on AirIQ and its business, financial condition and operating results. In addition, if one or more of AirIQ's key employees resigns from AirIQ to join a competitor or to form a competing company, the loss of such personnel and any resulting loss of existing or potential clients to any such competitor could have a material adverse effect on AirIQ's business, financial condition and operating results. In the event of the loss of any such personnel, there can be no assurances that AirIQ would be able to prevent the unauthorized disclosure or use of its technical knowledge, practices or procedures by such personnel.

Government Regulations and Standards

In addition to regulations applicable to businesses in general, AirIQ may also be subject to direct regulation by governmental agencies, including the Canadian Radio-Television and Telecommunications Commission (the "CRTC") in Canada and the FCC and Department of Defense in the United States. These regulations may impose licensing requirements or safety standards with respect to human exposure to electromagnetic radiation and signal leakage. A number of legislative and regulatory proposals under consideration by federal, state, provincial, local and foreign governmental organizations may lead to laws or regulations concerning various aspects of the Internet, wireless communications and GPS technology, including on-line content, user privacy, taxation, access charges and liability for third-party activities. Additionally, it is uncertain how existing laws governing issues such as the use of AirIQ's systems or services by its customers or taxation on the use of wireless networks, intellectual property, libel, user privacy and property ownership, will be applied to AirIQ's services. The adoption of new laws or the application of existing laws may expose AirIQ to significant liabilities, additional operational requirements, or restrictions on the use of AirIQ's system or services, which

could decrease the demand for AirIQ's services and increase AirIQ's costs of doing business. Wireless carriers who supply AirIQ with airtime are subject to regulation by CRTC in Canada and by the FCC in the United States and regulations that affect them could also increase AirIQ's costs or limit the provision of AirIQ's services.

Litigation

In the course of its business, AirIQ is involved in various claims and lawsuits seeking damages and other forms of relief. AirIQ cannot predict with any certainty the outcome of such claims and lawsuits and as such, there can be no assurance that results will not negatively impact the business, financial condition and operations of the Company.

Management of Growth

AirIQ's financial condition has placed significant demands on its management and other resources. AirIQ's ability to manage this effectively will require it to continue to develop and improve its operational, financial and other internal systems, and to train, motivate and manage its employees. If AirIQ is unable to manage its financial condition effectively, such inability could have a material adverse effect on the quality of AirIQ's services, its ability to retain key personnel and its operating results.

Global Positioning System Technology

AirIQ's services rely on signals from GPS satellites built and maintained by the U.S. Department of Defense. GPS satellites and their ground support systems are subject to electronic and mechanical failures and sabotage. If one or more satellites malfunction, there could be a substantial delay before they are repaired or replaced, if at all, and AirIQ's services may cease and customer satisfaction would suffer. In addition, the U.S. government could decide not to continue to operate and maintain GPS satellites over a long period of time or to charge for the use of GPS. Furthermore, because of ever-increasing commercial applications of GPS, other agencies may become involved in the regulation of the use of GPS in the future. If any of the foregoing factors affect GPS, such as by affecting the availability and pricing of GPS technology, AirIQ's business could suffer.

System Failure

Any disruption in AirIQ's services, information systems or communications networks could result in the inability of AirIQ's customers to receive AirIQ's services for an indeterminate period of time. Any disruption to AirIQ's services could cause AirIQ to lose customers or revenue, or face litigation, or could cause customer service or repair work that would involve substantial costs and distract management from AirIQ's business.

Segregation of Duties

Certain duties within the Company's accounting and finance departments are not properly segregated due to the small number of individuals employed in these areas. These deficiencies may be considered to be a significant deficiency in internal control, or a material weakness resulting in a more than remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected.

Foreign Currency Risk

The Company is exposed to foreign currency risk as a result of exporting most of its products and services to the United States and selling them in U.S. dollars. The Company's exposure to foreign currency fluctuations is partially hedged by purchasing certain hardware devices, wireless services and supplies in U.S. dollars.

Political Uncertainty

The Company's products are primarily sourced through suppliers in the United States, however many products and/or components are manufactured in China, Taiwan and Malaysia. The current political uncertainty surrounding trade disputes, rising tariffs, COVID-19 and the adoption of protectionist measures could result in increases of the cost of the Company's products, which would have a negative impact on the Company's sales

and gross profits. Additionally, there are similar concerns related to the United States-Mexico-Canada (CUSMA) trade agreement.

Tariffs and Trade Restrictions

The Company may be impacted by potential tariffs, trade restrictions, or other regulatory changes affecting the import and export of goods. Increases in tariffs on hardware or other components sourced from international suppliers, such as the United States, could raise costs, disrupt supply chains, or reduce product availability. Additionally, retaliatory trade measures or changes in trade agreements may impact pricing and competitiveness. The Company continues to monitor these risks and assess potential mitigation strategies to minimize any adverse effects on operations and financial performance.

Mergers and Acquisitions

The success of the Company depends on achieving certain strategic objectives, which may include mergers, acquisitions, joint ventures and restructurings. With respect to any such activities, the Company may not achieve expected returns and other benefits as a result of various factors, including integration and collaboration challenges, such as personnel and technology. In addition, the Company may not achieve anticipated cost savings from restructuring actions, which could result in lower margin rates.

DISCLOSURE PROCEDURES AND CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis of the consolidated results of operations and financial condition, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities law.

Based on that evaluation, management has concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were designed to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. However, as a result of control weaknesses noted below, management has concluded that the disclosure controls are not effective. Any material weaknesses identified have not resulted, either individually or collectively in any adjustments to the Company's interim or annual financial statements.

Internal Controls over Financial Reporting

Management of the Company is responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

The Company has identified control deficiencies within its accounting and financial function and its financial information systems over segregation of duties.

Specifically, certain duties are not properly segregated due to the small number of individuals employed in this area. However, management has concluded that considering the employees involved and the control

procedures in place, including management and Audit Committee oversight, risks associated with such lack of segregation are not significant enough to justify the expense associated with adding a number of employees to clearly segregate duties.

During the documentation and assessment of the design of its internal controls, management identified certain areas where internal controls should be enhanced including inventory management and revenue recognition. Management has been enhancing its internal controls, some of which include program change and access controls over certain financial reporting related IT software and applications, and the sufficiency of the Company's financial reporting processes. Management is also aware that in-house expertise to deal with complex taxation, accounting and reporting issues may not be sufficient. The Company utilizes, and will continue to utilize, outside assistance and advice on new accounting pronouncements and complex accounting and reporting issues, which is common with companies of a similar size.

Management is of the opinion that none of these control deficiencies has resulted in a misstatement to the financial statements. However, these deficiencies may be considered a material weakness resulting in a more than remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected. At the present time, the Chief Executive Officer and Chief Financial Officer oversee all material transactions and related accounting records. In addition, the Audit Committee reviews the financial statements and key risks of the Company and queries management about significant transactions on a quarterly basis.

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Additional information relating to the Company can be found on the Canadian Securities Administrators System for Electronic Document Analysis and Retrieval (SEDAR), located at www.sedarplus.ca.