

FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

- (a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: SPARC AI INC

Website: www.sparcai.com

Listing Statement Date: 30 April 2026

Description(s) of listed securities(symbol/type): SPAI

Brief Description of the Issuer's Business: Software company providing geospatial solution for drones and robotic systems.

Description of additional (unlisted) securities outstanding

Jurisdiction of Incorporation: British Columbia

Fiscal Year End: December 31

Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):

Financial Information as at: 30 December 2025

	Current	Previous
Cash	1,164,101	8,133
Current Assets	1,242,133	27,060
Non-current Assets	27,616	39,945
Current Liabilities	77,314	103,803
Non-current Liabilities	-	-
Shareholders' equity	1,192,435	(39,798)
Revenue	-	-
Net Income	-	-
Net Cash Flow from Operations	(1,259,416)	(242,321)

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

Consulting fee to Anoosh Manzoori, Chief Executive Officer	117,318
Consulting fee to John Dinan, Chief Financial Officer	47,631
Consulting fee to Justin Hanka, Director	47,200

- (b) A description of the transaction(s), including those for which no amount has been recorded.

- (c) The recorded amount of the transactions classified by financial statement category.

None

- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

None

- (e) Contractual obligations with Related Persons, separate from other contractual obligations.

None

- (f) Contingencies involving Related Persons, separate from other contingencies.

None

2. Summary of securities issued and options granted during the period.

Provide the following information for the Listed Issuer's fiscal year:

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
30 Jan 2025	Units (common shares and warrants)	Private placement	1,505,000	\$0.20	\$301,000	Cash	1,045,000 were issued to related parties	\$4,800
30 Jan 2025	Common shares	Option exercise	50,000	\$0.15	\$7,500	Cash	Related party	N/A
23 Apr 2025	Common shares	Warrant exercise	260,000	\$0.15	\$39,000	Cash	Related party	N/A
29 May 2025	Common shares	Option exercise	50,000	\$0.15	\$7,500	Cash	Related party	N/A
1 Aug 2025	Units (common shares and warrants)	Private placement	1,333,334	\$0.15	\$200,000	Cash	666,667 were issued to a related party	\$8,000
1 Oct 2025	Units (common shares and warrants)	Private placement	1,572,976	\$0.21	\$330,325	Cash	Arm's length	\$18,426
1 Oct 2025	Common shares	Warrant exercise	50,000	\$0.30	\$15,000	Cash	Related party	N/A
16 Oct 2025	Common shares	Warrant exercise	150,000	\$0.30	\$45,000	Cash	Arm's length	N/A
17 Oct 2025	Common shares	Warrant exercise	583,333	\$0.30	\$175,000	Cash	Related parties	N/A
22 Oct 2025	Common shares	Warrant exercise	33,333	\$0.28	\$9,333	Cash	Arm's length	N/A
23 Oct 2025	Common shares	Warrant exercise	331,667	\$0.28	\$92,867	Cash	Arm's length	N/A
23 Oct 2025	Common shares	Warrant exercise	50,000	\$0.30	\$15,000	Cash	Arm's length	N/A
26 Oct 2025	Common shares	Warrant exercise	62,301	\$0.28	\$17,444	Cash	Arm's length	N/A
26 Oct 2025	Common shares	Warrant exercise	366,667	\$0.30	\$110,000	Cash	Related party	N/A
28 Oct 2025	Common shares	Option exercise	75,000	\$0.27	\$20,250	Cash	Arm's length	N/A
3 Nov 2025	Common shares	Warrant exercise	185,000	\$0.28	\$51,800	Cash	Arm's length	N/A

6 Nov 2025	Common shares	Warrant exercise	176,191	\$0.28	\$49,333	Cash	Arm's length	N/A
11 Nov 2025	Common shares	Warrant exercise	132,460	\$0.28	\$37,089	Cash	Arm's length	N/A
12 Nov 2025	Common shares	Warrant exercise	12,000	\$0.30	\$3,600	Cash	Arm's length	N/A
16 Dec 2025	Units (common shares and warrants)	Private placement	1,432,429	\$0.70	\$1,002,700	Cash	385,714 were issued to related parties	\$24,213
16 Dec 2025	Common shares	Finder's shares	22,857	\$0.70	\$15,999	Finder's fee	Arm's length	N/A
16 Dec 2025	Common shares	Warrant exercise	166,667	\$0.15	\$25,000	Cash	Arm's length	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
29 Jan 2025	150,000		Consultant	\$0.25	29 Jan 2027	\$0.21
1 Apr 2025	150,000		Consultant	\$0.31	1 Apr 2027	\$0.31
18 Sep 2025	200,000		Consultants	\$0.27	18 Sep 2026	\$0.25

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

26,439,651 ordinary shares

- (b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options with average exercise price of \$0.35 625,000
Warrants with average exercise price of \$0.46 4,169,119

- (c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

Director	Served as director since
Anoosh Manzoori Director, CEO	December 15, 2022 CEO from June 30, 2023
Justin Hanka, Director	December 15 2022
Anthony Haberfield, Director	June 30, 2023
	January 12, 2026

5. Financial Resources

- a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

The Company objectives include the continual development and R&D of its core platform for target acquisition and navigation without GPS and Commercialization activities including building of distribution and sales channel.

- b) Describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

The Company will continue with the existing team for product development and is also planning to hire more engineers to expand product suite. Company expected to hire more sales and integration engineers for commercialization activities with budget of \$1m.

- c) Disclose the total funds available to the Issuer and the following breakdown of those funds:
- (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and
Company completed private placement after the financial year. It has \$3m in working capital.
 - (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

Company has warrants that may be exercised and bring additional working capital.

- (iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

R&D: \$1m

Administration: \$1m

Commercialization activities: \$1m

6. Status of Operations

During the fiscal year, did the Listed Issuer

- (a) reduce or impair its principal operating assets; or
No
- (b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?
No

Provide details:

Company did not impair any assets or reduce operations.

7. Business Activity

- a) Activity for a mining or oil and gas Listed Issuer
 - (i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or \$50,000 in exploration or development expenditures?
Provide details.
Yes the company had over \$50,000 in development expenditure.
 - (ii) If the response to (i) above is “no”, for the three most recent fiscal years did the Listed Issuer have an aggregate of \$100,000 in exploration or development expenditures?
Provide details.
- b) Activity for industry segments other than mining or oil & gas
 - (i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or \$100,000 in revenue from operations or \$100,000 in development expenditures?
Provide details.
Yes, company had over \$1.3m in operating expenses including \$567,765 in product development and R&D.

(ii) If the response to (i) above is “no”, for the three most recent fiscal years, did the Listed Issuer have either \$200,000 in operating revenues or \$200,000 in expenditures directly related to the development of the business?

Provide details.

SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated 30 April 2026_____.

Anoosh Manzoori_____
 Name of Director or Senior Officer

"Anoosh Manzoori"_____
 Signature

CEO_____
 Official Capacity

Issuer Details Name of Issuer SPARC AI INC	For Year Ended December 31, 2025	Date of Report YY/MM/D 26/04/30
Issuer Address Level 8, 90 Collins Street		
City/Province/Postal Code Melbourne, VIC 3000	Issuer Fax No. ()	Issuer Telephone No. ((213) 459-3994)
Contact Name Anoosh Manzoori	Contact Position CEO	Contact Telephone No. (213) 459-3994
Contact Email Address anoosh@sparcai.net	Web Site Address www.sparcai.co	

SPARC AI Inc.

Management's Discussion and Analysis

For the twelve months ended December 31, 2025

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this Management Discussion and Analysis are forward-looking statements or information (collectively "forward-looking statements"). The Sparc Group is providing cautionary statements identifying important factors that could cause the Group's actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "objective", "goals" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Sparc Group has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Sparc Group. These forward-looking statements include, among other things, statements relating to the ability of the Sparc Group to generate revenue; use of funds; intentions to further develop, market and promote its operations by expansion of its merchant base and industries served in Australia; strategy for customer retention, growth, service development, market position and financial results; the success of marketing and sales efforts of the Sparc Group; the Sparc Group's efforts to continuously update its software to meet business requirements; future sales plans and strategies; the economy and other future conditions; the timeline to further develop and market future enhancements; unanticipated cash needs and the possible need for additional financing and the adoption of governance policies, committees and practices.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: a downturn in general economic conditions; the ability of the Sparc Group to continue to generate revenue adequate to fund its business plans and operations; the ability of the Sparc Group to expand its operations in Australia; competitive conditions in the industry which could prevent the Sparc Group from continuing to be profitable; competition from other payment process providers who are well established with the financial capacity to overwhelm the ability of the Sparc Group to operate in Australia, security risks; increasing costs of being a publicly traded company, the possibility that our services may become further regulated; the effectiveness and efficiency of advertising and promotional expenditures to generate market interest in the Company's products and services; the inability to list on a public market; volatility of the Group's share price following listing; liquidity and the inability to secure additional financing; the Sparc Group's intention not to pay dividends in the near future; claims, lawsuits and other legal proceedings and challenges; conflict of interest with directors and management and other factors beyond the Company's control.

These forward-looking statements reflect management's current views and are based on certain assumptions, except as required by applicable law, the Sparc Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Sparc Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors and Risk Management".

Overview

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of SPARC AI Inc ("Sparc" or the "Company") as a Consolidated Entity with its wholly-owned subsidiary, SPARC AI Pty Ltd ("SPARC AI") for the twelve months ended December 31, 2025 (collectively "Sparc Group" or "Consolidated Entity") and is dated April 30, 2026. The MD&A is presented in Canadian Dollars, which is the Sparc Group's functional and presentation currency. It is supplementary information and should be read in conjunction with the Sparc Group's consolidated financial statements and accompanying notes for the year ended December 31, 2025.

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

SPARC AI Inc. (formally EYEfi Technologies Inc) was incorporated on October 4, 2018, under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). Its head office is located at level 8, 90 Collins Street, Melbourne 3000 Australia. Its registered office is located at C/O - 390 - 825 Homer Street, Vancouver BC, V6B 2W2 Canada.

Business of the Company

The Company is a software and electronics engineering company that has developed, patented and commercialized an innovative spatial, predictive, approximation and radial convolution technology called SPARC AI and associated product suite that turns any drone, sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC AI is currently being further developed to allow a wider commercial application.

The following is a summary of selected financial information for the Sparc over the past three financial years ended December 31 extracted from the audited financial statements of the Sparc Group.

	2025	2024	2023
	\$	\$	\$
Total Sales from Rendered Services	-	-	\$201,203
Gross Profit	-	-	\$66,420
Administration Expense	\$663,325	\$139,394	\$218,876
Research and Development Expense (Credits)	\$567,765	\$66,399	(\$118,855)
Comprehensive Income (Loss)	(\$1,354,853)	(\$313,887)	\$3,036,353
Total Assets	\$1,269,749	\$67,005	\$156,599
Total Liabilities	\$77,314	\$103,803	\$63,581

Overall performance

During the year ended December 31, 2025, the following developments were made by the Company.

During the year, the Company has advanced its software modules and capabilities while engaging an engineering firm to address certain technical gaps and a consultancy firm to provide specialized testing and evaluation services.

The Company hired an engineering firm in December 2023, a non-related party, to work alongside SPARC AI team to undertake some of the technical development work and technical integration including the development of the mobile application, some integration work for the drone and integration into microchip processor. All IP developed by the engineering firm was transferred to SPARC AI. There were no termination clause and all hardware including the drone was supplied by SPARC AI. Cost of the engagement was CAD \$110,000 (AUD\$120,000), with total payment made of \$144,870.

The Company signed an agreement on January 5, 2025 with Flight Deck Ventures Pty Ltd, a non-related party, with one month termination notice, a firm with a qualified commercial pilot license was hired to assist with testing of the SPARC AI algorithms, autonomous flight modules, and provide feedback on performance tests completed on the Parrot ANAFI drone in various environmental conditions. The flight data was used by SPARC AI in the development process to refine its algorithms and optimize accuracy. The fee was AUD\$150 per hour. Daily rate AUD\$1,200. The total payment made to Flight Deck was CAD\$33,480 on April 23, 2025 and \$41,622 on December 3, 2025.

- Infrared camera integration

Integration of IR cameras for precise target acquisition in low-visibility conditions. SPARC AI proprietary algorithms are not dependent on visual systems. The Company expects low risk in developing this capability and no material working capital required as the development will be completed internally.

Aside from previously disclosed information, no formal agreement was entered into regarding this activity. The Company's management supervised and administered the activity internally and has completed the development work.

- Neural-network AI engine for object recognition and behavior interpretation

Using AI, the Company plans to use data captured by the drone for identifying objects, tracking activity, interprets behavior automatically from video and signals. The Company expects low risk in developing this capability and no material working capital required as the development will be completed internally.

Aside from previously disclosed information, no formal agreement was entered into regarding this activity. The Company's management supervised and administered the activity internally and work is currently underway.

- Software supporting rapid logging of multiple target coordinates

The Company expects low risk in developing this capability and no material working capital required as the development will be completed internally.

Aside from previously disclosed information, no formal agreement was entered into regarding this activity. The Company's management supervised and administered the activity internally and has completed the development work.

- Embedded microcontroller version for Nvidia, Qualcomm, STMicro systems

SPARC AI plans to integrate its software into microcontrollers from Nvidia, Qualcomm, and STMicroelectronics. The Company has experience with integration of its software with Google's Coral microprocessor chip and the Parrot ANAFI military drone.

No direct partnerships or agreements are required for integration as these companies provide public free and open access for developers to integrate and build value-added solutions onto their hardware components. This includes access to sample code, documentation and support.

<https://developer.nvidia.com/sdk-manager>

<https://www.st.com/en/development-tools/stm32-software-development-tools/documentation.html>

https://docs.qualcomm.com/bundle/publicresource/topics/80-65220-2/introduction_1.html

The Company expects low risk in developing this capability and no material working capital required as the development will be completed internally.

Aside from previously disclosed information, no formal agreement was entered into regarding this activity. The Company's management supervised and administered the activity internally. The Company has deferred this activity to prioritize other development activities.

- Autonomous "return to home" capability without GPS or controller, designed for use in GPS-denied environments.

Company released an API that allows the user to build a workflow for return to home.

Aside from previously disclosed information, no formal agreement was entered into regarding this activity. The Company's management supervised and administered the activity internally.

- Drone Development Platform

The Company is working on a software platform to enable users to design, build, optimize, and budget drones configurations using a web-based software platform. The platform has pre-configured engineered templates for drone configuration and design. It has SPARC AI's Target Acquisition System allowing companies to add the capability to their drone missions. The platform has been designed to allow the Company to expand its market to the commercial and consumer market. The platform requires testing before launch. Company has prioritized its activities for the defense sector and will return its focus on this product in due course.

Aside from previously disclosed information, no formal agreement was entered into regarding this activity. The Company has decided to pause the development of this activity to focus on more priority product feature development.

- Target Intelligence Platform development (July to September 2025)

The Company has been working on the development of a software-based platform that integrates its Target Acquisition System and Navigation Platform. The web-based system will provide the intelligence layer for analyzing target recordings, building mission planning navigation, and API tools. The new intelligent platform will also consider flight data to optimize the target acquisition system software in the next upgrade. The Company completed the development of this module and has made it available in its core product, Overwatch.

- New Website Launch (July to September 2025)

Management is building a new website with improved branding, layout and content to better communicate its products to prospective customers.

- Platform Upgrade (July to September 2025)

In the September quarter, management spent significant time and effort on upgrading the platform for both core products including - Target Acquisition System and Autonomous Navigation. A web platform was developed, launched in October as 'Overwatch' to act as a central platform for managing SPARC AI products including configuration, setup, data analytics, flight mission planning, and target analysis. By creating Overwatch, the Company was able to extend the capability of both products by adding several new features. It also integrated both products in a centralized way that led to new capabilities. For instance, the user can record the geolocation of a target and then use this data to build a flight path for the drone. As Overwatch is a centralized platform it is also possible to share target acquisition data between devices such as drones and mobile devices.

- Mobile Navigation (July to September 2025)

In the September quarter, management started working on R&D activity for integration of SPARC AI onto the mobile device for both targeting acquisition and navigation. The navigation is a technical challenge as mobile devices typically do not have an Initial Navigation Unit (INU). They do have an Initial Measuring Unit (IMU) that is used to measure direction and acceleration of the device. Unfortunately given the low cost of the device, the IMU is of very basic technical standard and is not suitable for navigation as it leads to drift and errors. Management has embarked on technical development of customizing SPARC AI algorithms to operate on low-cost devices such as mobile devices. In October 2025, the Company completed the new version of the mobile application for navigation and targeting.

- Overwatch (October 2025)

Company consolidated the separate modules for target acquisition and navigation into a single unified platform called Overwatch. Overwatch platform provides a single platform for target acquisition plus an intelligence layer for adding markers, geofence, and measurement tools. It also has the ability to run algorithms to obtain position and geolocation data used for navigation,

- Integration with Ardupilot (October 2025)

Ardupilot is a widely used drone and robotics operating system used worldwide. Company completed integration of Overwatch with Ardupilot providing end users with a simple module that works alongside and compatible Ardupilot.

- ATLAS Module (October 2025)

Company built a new module called ATLAS that allows operators to visualize flight paths, calculate visibility zones, and assess line-of-sight coverage in real time, all while maintaining a zero-signature footprint.

- API (Application Programming Interface) (November 2025)

Company launched its API that allows users to build custom workflows and integrations using Overwatch. APIs are a common method for software companies to make their platform open for integration and allows users to build new services and solutions on top of the APIs.

- First Flight of Strike 1 Drone (November 2025)

Company outsourced the development and build of two custom drones. These drones have the SPARC AI Ardupilot integration and API connection to Overwatch. The drones will be used for demonstration purposes with potential customers.

- Pixel Targeting (December 2025)

Company expanded the capability of Overwatch to allow pixel targeting. A user that records a photo of a target can send it directly to Overwatch and by clicking on any pixel on the image can determine the location of the target.

Other activities:

Strategic advisor appointments of Adam Worsley (Jan 2025) and Greg Daly (Apr 2025), unrelated parties, having served in the Australian defence force and industry connections:

Mr Worsley received 150,000 options with exercise price of \$0.25, expires on January 29, 2027. Vesting condition requires Mr Worsley to secure a minimum of one contract of sale.

Mr Daly received 150,000 options with exercise price of \$0.31, expires on April 1, 2027. Vesting condition requires Mr Daly to secure a minimum of one contract of sale.

On September 18, 2025, the Company granted incentive stock options to consultants to purchase 200,000 common shares at an exercise price of \$0.27 per share exercisable for a period of 12 months expiring September 18, 2026.

George Tsafalas, an individual residing in Vancouver, BC, received 75,000 options. A consultancy agreement with Mr Tsafalas was signed to provide introductions to investors and individuals in the defense and security markets.

Ron Shenton, an individual residing in Vancouver, BC, received 125,000 options. A consultancy agreement with Mr Shenton was signed to provide introductions to investors and individuals in the defense and security markets.

- Defense proposal submission to a Western army (Feb 27, 2025)

Company made a submission to a Western army for a paid demonstration of its product at a pre-planned defence event.

- Featured in the Parrot Solution Partner Website (Mar 18, 2025)

SPARC AI was invited to participate and featured on Parrot's Solution Partner website; <https://www.parrot.com/us/visual-detection-tracking>. The Parrot partner program is designed to showcase integrations of 3rd party solutions for the ANAFI drone.

- Participation in Avalon Airshow 2025 (Announced Mar 18, 2025)

Management attended the Avalon Australian International Airshow, from 25-30 March 2025. The event had delegates from defence from Australia, United States and Europe. Management used this opportunity to network and conduct business development activities with defense personnel, defense contractors and industry leaders.

- Shortlisted for AAUS Innovation Award (May 2025)

Company was shortlisted for the AAUS Innovation Award, recognizing its contributions to Australia's uncrewed systems and advanced air mobility sectors. This award honors organizations excelling in creativity, technical expertise, and impact across air, land, and sea domains.

Private Placements

On January 30, 2025, the Company completed a non-brokered private placement offering of 1,505,000 units ("Units") at \$0.20 per Unit for gross proceeds of \$301,000 (the "Offering"). Each Unit consists of one common share ("Common Share") of the Company and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof, to purchase one additional Common Share of the Company at a price of \$0.30 for a period of twelve (12) months. All securities issued under the Offering are subject to a four-month and one day statutory hold period. There were \$4,800 finder's fee and 24,000 broker warrants issued for this transaction. Net proceeds of \$296,200.

Use of Proceeds:

Activity	Budget	Actual	Difference
Working Capital	\$200,000	\$200,000	\$0
R&D	\$50,000	\$50,000	\$0
Sales & Marketing	\$46,200	\$46,200	\$0
	\$296,200	\$296,200	\$0

On August 1, 2025, the Company completed a non-brokered private placement offering of 1,333,334 units ("Units") at \$0.15 per Unit for gross proceeds of \$200,000 (the "Offering"). Each Unit consists of one common share ("Common Share") of the Company and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof, to purchase one additional Common Share of the Company at a price of \$0.15 for a period of 1 year. All securities issued under the Offering are subject to a four-month and one day statutory hold period. There were \$8,000 finder's fee and 53,333 broker warrants issued for this transaction. Net proceeds of \$192,000.

Use of Proceeds:

Activity	Budget	Actual	Difference
Working Capital	\$100,000	\$100,000	\$0
Sales & Marketing	\$92,000	\$92,000	\$0
Total	\$192,000	\$192,000	\$0

On October 1, 2025, the Company completed a non-brokered private placement offering of 1,572,976 units ("Units") at \$0.21 per Unit for gross proceeds of \$330,325 (the "Offering"). Each Unit consists of one common share ("Common Share") of the Company and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof, to purchase one additional Common Share of the Company at a price of \$0.28 for a period of 3 years. Of the securities issued under the Offering, 524,325 are subject to a four-month and one day statutory hold period. There were \$18,426 finder's fee and 86,409 broker warrants issued for this transaction. Net proceeds of \$311,899.

Use of Proceeds:

Activity	Budget	Actual	Difference
Working Capital	\$61,899	\$61,899	\$0
Sales & Marketing	\$250,000	\$251,000	\$(1,000)
Total	\$311,899	\$311,899	\$(1,000)

On December 16, 2025, the Company completed a non-brokered private placement offering of 1,432,429 units ("Units") at \$0.70 per Unit for gross proceeds of \$1,002,700 (the "Offering"). Each Unit consists of one common share ("Common Share") of the Company and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof, to purchase one additional Common Share of the Company at a price of \$0.90 for a period of twelve (12) months. All securities issued under the Offering are subject to a four-month and one day statutory hold period. There were \$26,880 finder's fee, 22,857 broker warrants, and 61,257 broker shares issued for this transaction. Net proceeds of \$975,820.

Use of Proceeds:

Activity	Budget	Actual	Difference
Working Capital	\$362,910	\$0	\$(362,910)
R&D	\$362,910	\$0	\$(362,910)
Sales & Marketing	\$250,000	\$0	\$(250,000)
Total			

The net loss for the year ended December 31, 2025 for the group was \$1,354,853. Of this, \$663,325 related to administration, \$567,765 related to R&D expenditure, and \$84,785 related to share-based payment expense relating to the value of the warrants and options issued.

The Company has cash at bank of \$1,164,101 as at December 31, 2025.

Intellectual property

SPARC AI's International Patents

SPARC AI has registered patents in USA, Canada, China, Japan, South Korea, Australia and New Zealand. SPARC AI has also established large global resellers for its products. The company is continuing its research and development activities and product development.

PATENT NUMBER	COUNTRY	APPLICANT/ASSIGNEE	TITLE	FILING/EXP DATE	STATUS
9,058,689	USA	EYEfi Pty Ltd	SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION	16 June 2009/ 16 June 2029	Granted on 16 June 2015
2,727,687	Canada	EYEfi Pty Ltd	SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION	16 June 2009/ 16 June 2029	Granted on 14 November 2017
ZL 20098013199.4	China	EYEfi Pty Ltd	SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION	16 June 2009/ 16 June 2029	Granted on 25 December 2013
5575758	Japan	EYEfi Pty Ltd	SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION	16 June 2009/ 16 June 2029	Granted on 11 July 2014
10-1663669	South Korea	EYEfi Pty Ltd	SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION	16 June 2009/ 16 June 2029	Granted on 30 September 2016
2009260182	Australia	EYEfi Pty Ltd	SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION	16 June 2009/ 16 June 2029	Granted on 10 March 2016
590428	New Zealand	EYEfi Pty Ltd	SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION	16 June 2009/ 16 June 2029	Granted on 4 March 2014

Results of operations

The consolidated entity made an operating loss of \$1,354,853 for the year ended December 31, 2025.

	Quarter ended December 31,		Year ended December 31	
	2025	2024	2025	2024
Expenses				
Admin	(487,349)	(32,879)	(663,325)	(139,394)
Depreciation and Amort	(3,525)	(3,305)	(13,423)	(10,105)
R&D Expenses	(456,439)	(468)	(567,765)	(66,399)
Share based payments	95,806	(100,071)	(84,785)	(100,071)
Travel	(650)	-	(7,650)	-
Other Income	(36,522)	-	-	-
Other Comprehensive income (expense)	(19,004)	(532)	(17,905)	2,082
Total Expenses	(907,683)	(137,255)	(1,354,853)	(313,887)
Operating Profit or loss before tax	(907,683)	(137,255)	(1,354,853)	(313,887)

Year ended December 31, 2025

The focus of the operations for the year ended December 31, 2025 was on commercialization activities, R&D and product development.

The expenses for the year ended December 31, 2025 totaled \$1,354,853 compared with \$313,887 for the year ended December 31, 2024, an increase of \$1,040,966. The changes are mainly due to:

Admin expenses for the year ended December 31, 2025 increased to \$663,325 from \$139,394 for the year ended December 31, 2024 due to new marketing and consulting agreements entered into in the second half of the year, to support the Company's focus on commercialization.

R&D expenses for the year ended December 31, 2025 increased to \$567,765 from \$66,399 for the year ended December 31, 2024, reflecting the expanding activity on product development.

Share based payments for the year ended December 31, 2025 decreased to \$84,785 from \$100,071 for the year ended December 31, 2024, reflecting the value of the warrants issued in connection with private placements and options issued to consultants.

Quarter ended December 31, 2025

The expenses for the December 31, 2025 quarter totaled \$871,161 compared with \$137,255 for the December 31, 2024 quarter, an increase of \$733,906. The changes are mainly due to:

Admin expenses for the December 31, 2025 quarter increased to \$487,582 from \$32,879 for the December 31, 2024 quarter due to new marketing and consulting agreements entered into during the latter part of the year, to support the Company's focus on commercialization.

R&D expenses for the December 31, 2025 quarter increased to \$456,438 from \$468 for the December 31, 2024 quarter, reflecting the expanding activity on product development.

Share based payments for the December 31, 2025 quarter decreased to (\$95,806) from \$100,071 for the December 31, 2024 quarter, reflecting the value of the warrants issued in connection with private placements.

The below table discloses the quarterly financial results for the last 8 quarters:

Quarter ended	31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25
Revenue	-	-	-	-
Net comprehensive loss	(907,683)	(250,082)	(69,453)	(127,635)
Loss per share, basic and diluted	(0.056)	(0.017)	(0.005)	(0.010)
Total assets	1,269,749	342,941	149,010	186,387

Quarter ended	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
Revenue	-	-	-	-
Net comprehensive loss	(137,255)	(74,148)	(42,181)	(60,303)
Loss per share, basic and diluted	(0.011)	(0.006)	(0.003)	(0.005)
Total assets	67,005	78,576	104,866	70,046

Liquidity, financial position and capital resources

The Company has working capital of \$1,164,819 at the end of December 31, 2025 with cash reserves of \$1,164,101. The increase in cash compared to \$8,133 as at December 31, 2024 is primarily due to private placements that took place during the year, offset with increased spend in admin and R&D expenses, in line with the Company's focus on commercialization and product development.

The Company plans to continue investing cash resources into R&D activities, subject to budget constraints, and at least \$100,000 will be invested in the next 12 months into R&D. Each year, the Company can receive up to 43.5% of its R&D expenditure as a cash payment from the Australian Government.

The Company also has access to \$200,000 in loans that it has yet to draw on.

The Company is tightly managing its financial resources and has surplus capital to operate. It is conducting the majority of the R&D and product development internally by management to keep costs down.

To reach full defense readiness, we must continue investing in R&D and product development while we work through the long defense procurement cycle. Securing a defense contract requires sustained technical advancement, iterative testing, and continuous feature expansion to meet evolving mission requirements. Until that point, ongoing funding is essential to accelerate capability development and harden the system for operational use. Ongoing feedback from defense stakeholders and our advisors is continuously shaping our roadmap, adding valuable features and strengthening our product pipeline. Sustained funding is essential to keep advancing the technology, hardening the system for operational use, and positioning the company to secure major defense contracts once adoption begins.

Our development progress is directly tied to the availability of financing, and because future fundraising cannot be predicted with certainty, we have not set a long-term forward budget or product feature list. Instead, we operate within the resources we have at any given time and plan our work accordingly. Historically, the company has raised capital in smaller increments to stay tightly focused on the development cycle, incorporate feedback to development work, and iterate quickly.

Loan facility

On August 16, 2024, the Company entered into a loan agreement with Polygon Fund Pty Ltd (“Polygon”), controlled by Anoosh Manzoori, Chief Executive Officer and Accelerative Investments Pty Ltd (“Accelerative”), controlled by Justin Hanka, Director, for a facility of \$200,000 in total (\$100,000 each). The loan bears zero interest and is due on demand. During the year ended December 31, 2025, the Company made full payment of the loan payable. As of December 31, 2025, the amount payable is \$Nil (2024 - \$64,918).

Transactions with related parties

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	December 31, 2025	December 31, 2024
	\$	\$
Consulting fee to Anoosh Manzoori, Chief Executive Officer	117,318	-
Consulting fee to John Dinan, Chief Financial Officer	47,631	-
Consulting fee to Justin Hanka, Director	47,200	-
	<u>212,149</u>	<u>-</u>

The transactions with related parties were in the normal course of operations and were measured at their fair values.

In June 2024, 260,000 warrants to Polygon were exercised at 0.15 per share. The Company issued 260,000 shares and received gross proceeds on exercise of \$39,000.

In May 2024, Anoosh Manzoori, Chief Executive Officer, exercised 300,000 options at \$0.15 per share. The Company issued 300,000 shares and received gross proceeds on exercise of \$45,000. The market price of the Company’s shares on the exercise date was \$0.20 per share.

In January 2025, 50,000 options granted to Anthony Haberfield in 2023 were exercised at \$0.15 per share. The Company issued 50,000 shares and received gross proceeds on exercise of \$7,500.

In April 2025, 260,000 warrants granted to Accelerative in 2023 were exercised at \$0.15 per share. The Company issued 260,000 shares and received gross proceeds on exercise of \$39,000.

In May 2025, 50,000 options granted to John Dinan in 2023 were exercised at \$0.15 per share. The Company issued 50,000 shares and received gross proceeds on exercise of \$7,500.

In October 2025, 850,000 warrants granted to Polygon in January 2025 were exercised at \$0.30 per share. The Company issued 850,000 shares and received gross proceeds on exercise of \$255,000.

In October 2025, 50,000 warrants granted to Anthony Haberfield in January 2025 were exercised at \$0.30 per share. The Company issued 50,000 shares and received gross proceeds on exercise of \$15,000.

In October 2025, 100,000 warrants granted to Accelerative in January 2025 were exercised at \$0.30 per share. The Company issued 100,000 shares and received gross proceeds on exercise of \$30,000.

The following warrants were on issue to related parties as at December 31, 2025:

Related party	Warrants	Value \$	Expiry
John Dinan	45,000	5,237	January 30, 2026
Polygon Fund Pty Ltd	200,000	50,035	August 26, 2026
Accelerative Investments Pty Ltd	200,000	50,035	August 26, 2026
John Dinan	45,000	13,690	December 16, 2026
Polygon Fund Pty Ltd	185,714	56,500	December 16, 2026
Haberfield Investments No 2 Pty Ltd	200,000	60,846	December 16, 2026
Anoosh Manzoori	666,667	86,831	July 28, 2027

Financial instruments and risk management

Capital management

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital and deficit, in the definition of capital.

The Company's primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund the operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

There were no changes to the Company's approach to capital management during the year ended December 31, 2025.

Fair value of financial assets and financial liabilities

Fair value

Fair value represents the price at which an asset and liability could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of assets and liabilities according to the following hierarchy based on the number of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, related party loan payable, and trade and other payables.

The Company's financial instruments classified as level 1 in the fair value hierarchy is cash. Related party loan payable, and trade and other payables are short term which approximate their fair value.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The cash at bank is subject to credit risk where the bank cannot repay the principal and interest to the Company. The Company mitigates this risk by using the major banks in Australia and Canada. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company will achieve this by maintaining sufficient cash and seeking equity financing when needed.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of undiscounted financial assets and liabilities. As at December 31, 2025, the Company had trade and other payables of \$77,314 (2024 - \$38,885) that were outstanding for less than 30 days. In addition, related party loans payable amounted to \$Nil (2024 - \$64,918), with a maturity of less than one year.

Currency risk

The Company's main operating business is in Australia. As such, the Company is exposed to some foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar and Australian dollar may have an adverse effect on the Company's business. The Company may mitigate its foreign currency risk by substituting Canadian vendors for certain services. Foreign currency risk is considered low relative to the overall financial operating plan. A change of 10% in the exchange rate at December 31, 2025 would increase or decrease net loss by \$17,239.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently has no interest-bearing financial instruments.

Internal controls

Disclosure controls and procedures

Management of SPARC AI Group is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators.

Internal controls over financial reporting

Management of SPARC AI Group is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators.

Capital structure

The following summarizes the Company's shares, warrants and options on issue as at December 31, 2025:

	\$
Issued and outstanding common shares	21,645,532
Options with average exercise price of \$0.35	625,000
Warrants with average exercise price of \$0.46	4,169,119
Fully diluted	26,439,651

Events after the reporting period

Subsequent to the year ended December 31, 2025, a total of 2,152,024 warrants were exercised for total proceeds of \$515,678.

Subsequent to the year ended December 31, 2025, a total of 361,579 options were exercised for total proceeds of \$125,208.

On January 23, 2026, the Company incorporated a wholly owned subsidiary, Sparc AI Technologies Inc., based in Delaware, USA.

On March 25, 2026, the Company completed a private placement whereby it raised gross proceeds of \$2,400,000 for the issue of 1,714,286 units. Each unit consisted of one common share and one warrant, exercisable into one common share at \$1.80 per share for 2 years. There were no finders' fees related to this private placement.

No other matter or circumstance has arisen since December 31, 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Off balance sheet arrangements

The Company has no off balance sheet arrangements.

New and future accounting standards and pronouncements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements (“IFRS 18”) to replace IAS 1 – Presentation of Financial Statements. This standard focuses on updates to the statement of profit or loss, including: (a) the structure of the statement of profit or loss; (b) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (c) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. It will be effective for the Company for the annual period beginning January 1, 2027, and will be required to be applied retrospectively. The Company is currently assessing the effect of this new standard on its consolidated financial statements.

Apart from IFRS 18, other new standards or amendments to existing standards issued but which have not yet been applied by the Company based on the effective date are not currently expected to have a material impact on the Company's consolidated financial statements.

Risk factors and risk management

Negative Cash Flows and Going Concern

The Company has re positioned itself for growth with transfer of the assets to its balance sheet and is exploring distribution opportunities. At this stage of the Company's growth, cash flow is a risk and needs to be managed, which the directors are actively doing.

The Company's financial statements have been prepared on a going concern basis. The going concern basis of the presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities in the normal course of operations. As advised above, the Company incurred a loss for the year ended December 31, 2025, and as of that date has an accumulated deficit of \$3,904,702. The cash flow from operations is a negative \$1,259,416. To date, the Company has funded operations through private placement and revenue from operations. The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. The financial statements do not reflect adjustments that would be necessary if the going assumption was not appropriate. These adjustments could be material.

Risk Management

Any start-up or established business must continuously manage the risks by recognizing and mitigating the ambiguities and risks both in internal and external business environments that surround a company. The SPARC AI Group's management team manages risks proactively. Here are some of the risks that the Company faces:

Technology Risk

The SPARC AI Group is dependent upon network communication or internetworking for product connectivity. The network communication defines a set of protocols allowing application programs to talk to each other without regard to the hardware and operating systems where they are run. A disruption in the internetworking or the way the hardware is configured could have a serious impact on the SPARC AI technology performance.

Cybersecurity Risk

SPARC AI Group hosted on a public cloud application is subject to threats and attacks and data breaches that could affect for example delivery of service and supply lines. Security data is controlled by the cloud provider which could make it difficult to distinguish between everyday computing events and security events. The SPARC AI Group is also subject to attacks by ransomware and the encrypting of data and hardware attacks that could affect computer chips.

Competitive Risks

There are other well-established companies who could compete with SPARC AI Group providing services and products to the same kind of customers the SPARC AI Group Company is targeting.

Legal and Regulatory Risks

Some of the possible legal or regulatory issues are continuous reporting requirements by the Regulatory Authorities and Exchange, tax complications, user and privacy policy, customer complaints, etc. The SPARC AI Group has retained professional advisors with the requisite experience to deal with these matters and will consult with them to keep it informed of possible complications before they arise.

Integration & Platform Compatibility Risk

SPARC AI must run reliably on diverse third-party embedded hardware platforms with variable compute power, memory, and firmware environments. Because the technology must be integrated at the edge and operate without external sensors, differences in platform performance, timing characteristics, or hardware quality could affect accuracy or user experience. Integration difficulty may slow customer adoption.

Market Adoption & Competitive Risk

SPARC AI represents a new category of GPS-denied geolocation, which may require customers to rethink conventional workflows. Some users may be hesitant to adopt a novel navigation system that differs from common sensor-based methods.

Dependence on Third-Party Hardware Manufacturers

Even though SPARC AI is sensor-independent, it still relies on third-party hardware platforms (e.g., microcontrollers, autopilots, edge processors) for compute execution. Supply chain disruptions, component shortages, or changes in hardware product lines could affect the ability to deliver consistent integrations or delay customer deployments.

Funding & Resource Constraints

With a small team and limited capital, SPARC AI faces execution risk. Constraints on engineering resources, hiring, R&D velocity, and partner support could slow feature development, delay commercial milestones, or limit the company's ability to compete with better-funded organizations.

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Intellectual Property

The ability of the SPARC AI Group to maintain or increase sales will depend in part on its ability to maintain and grow its brand equity through the use of its registered domain names and intellectual property. A loss of any of these may result in the SPARC AI Group's brand equity being diminished and thus a loss of potential customers. As protection, the SPARC AI Group usually requires its employees and independent contractors to enter into confidentiality agreements, however, it cannot be assured that the obligations therein will be maintained and honored. In spite of confidentiality agreements and other methods of protecting trade secrets, the SPARC AI Group's proprietary information could become known to or independently developed by competitors.

Economic and Geopolitical Conditions

Our financial condition and results of operations may be materially affected by economic downturns, inflation, interest rate fluctuations, geopolitical instability, trade tensions, or other macroeconomic factors. Unfavourable economic developments could reduce demand for our products or services and limit our ability to grow.

Industry-Specific Risks

Our industry is subject to rapid technological change, evolving regulatory environments, and shifts in consumer preferences. Failure to adapt to these changes in a timely and effective manner could adversely impact our competitive position and market share.

Competitive Landscape

We operate in a highly competitive market with several established and emerging players. Increased competition may lead to pricing pressure, reduced profit margins, and loss of customers or partners or lack of adoption of SPARC AI's technology.

Market Liquidity and Volatility

The trading price of our securities may be volatile and subject to fluctuations due to factors beyond our control, including investor sentiment, speculation, or changes in analyst recommendations. Limited liquidity could further exacerbate price volatility and impair investors' ability to sell their holdings at a desirable price.

Foreign Exchange and Interest Rate Risk

If we conduct business internationally, fluctuations in foreign currency exchange rates and interest rates may expose us to additional financial risk. Currency depreciation or volatility could impact revenue, costs, and profitability.

Regulatory Changes

Changes in laws, regulations, or government policy—domestically or abroad—could affect market dynamics, increase compliance costs, or limit our strategic initiatives.

Regulatory & Dual-Use Compliance Risk

Even without cameras or sensors, autonomous geolocation and targeting technologies may fall under evolving regulations related to airspace autonomy, navigation systems, and dual-use export controls. Changes in defense, aviation, or national-security policy could limit where the system can be deployed, restrict international sales, or require additional certifications.

Date and Other Available Information

Unless otherwise indicated, the information contained in this MD&A is as of April 30, 2026.

Signed

'Anoosh Manzoori'
CEO

