

HAPBEE TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2025

This Management's Discussion and Analysis ("MD&A") provides an overview of Hapbee Technologies, Inc.'s ("Hapbee" or the "Company") financial and operational results for the quarter ended September 30, 2025. It should be read in conjunction with the audited consolidated financial statements and notes ending December 31, 2024. These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are presented in U.S. dollars unless otherwise indicated.

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements within the meaning of applicable securities laws. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, Hapbee undertakes no obligation to release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements regarding future price levels, success of technology development, success of marketing and product adoption, development timelines, currency fluctuations, requirements for additional capital, unanticipated expenses, trademark or patent disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of Hapbee to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price levels; accidents, labor disputes and other risks of the technology industry; delays in obtaining approvals or financing. Although Hapbee has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Additional information relating to Hapbee, including the various risk factors that may cause the actual results, performance or achievements of Hapbee to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements referenced above, can be found under Hapbee's SEDAR+ profile at www.sedarplus.ca

History of Hapbee

Hapbee is a company incorporated on January 3, 2019, under the Business Corporations Act (British Columbia). The head office is located at 1771 Robson Street, Suite 1427, Vancouver, BC V6G 3B7. Registered and Corporate office is located at 4060 Sainte-Catherine Street West Suite 600, Westmount, Quebec H3Z 2Z3. The Company's principal business activity is to commercialize wellness technologies and products through the sale of hardware, subscriptions, enterprise licenses and royalty agreements using electromagnetic signals that deliver one or more ultra-low radio electromagnetic frequencies to produce sleep, performance and mood-enhancing effects.

At September 30, 2025, Hapbee has 225,699,083 Subordinated Voting Shares issued, and outstanding and 450,000 Multiple Voting Shares issued and outstanding.

Business of Hapbee

The Company develops, markets, and sells subscriptions and licenses to a wearable wellness platform and products that enhance the human experience through electro-magnetic technology. The Company's current hardware products, the Hapbee Neckband V1, the Hapbee Smart Sleep Pad and the Immersive Mattress Topper are devices that "play" or deliver unique magnetic signals that digitally emulate the effects of compounds that would otherwise be ingested into the body. The effects fall under three broad categories including: Sleep, Performance, and Mood. Hapbee-enabled devices are controlled with a subscription to the Hapbee App available on both iOS and Android smartphones. There are many signal frequencies available on the Hapbee App with potentially hundreds of different sensations that can be produced using Hapbee's patented ultra-low radio frequency energy (ulRFE®) technology.

EMulate Therapeutics, Inc ("EMulate") is a disruptive platform technology company with multiple market opportunities. They have received 47 global patents on technologies relating to the Hapbee Wearable Wellness Product. Emulate invented and patented ulRFE technology that uses precisely targeted ultra-low radio frequency energy to specifically regulate metabolic pathways on the molecular and genetic levels – without chemicals, radiation or drugs – delivered via simple-to-use, non-sterile, non-invasive, non-thermal, non-ionizing devices.

While EMulate remains focused on medical devices, Hapbee has acquired exclusive global licenses to adapt and commercialize the ulRFE technology for a non-medical consumer product aimed at the wellness industry.

Overall Performance

Q3 2025 marks a turning point for Hapbee, as it marked **Hapbee's strongest financial quarter to date**, advancing the momentum seen in Q1 and Q2 and achieving the Company's **second consecutive quarterly profit**. While Q2 delivered its first profitable quarter (\$17,988), Q3 2025 achieved a **net profit of \$1,431,567**, a significant and transformational improvement. In addition to having the strongest net profit in Company history, other key achievements in Q3 include:

- **Strengthened leadership** across product, neuroscience, sleep, fem-tech, and capital markets
- The implementation of a scalable product roadmap driven by **licensing universally applicable engineering components** and further development of V2 of the neckband

- Revamping of the app with an improved back-end for scalability, an AI-powered 'wellness concierge' and **integration with Apple Health** and popular health trackers such as **Oura** and **WHOOP** wearables
- **Strategic marketing focus into women's wellness** (fem-tech) and **frequency-healing** based partnerships and audiences
- **Significantly reduced liabilities** and improved financial resilience
- Preparation for a **major rebrand**
- Building toward licensing, revenue-share, and partner-led distribution channels with lower entry-point priced products

Financial Summary. Hapbee enters Q4 2025 with significant operational momentum, financial strength, and a strategic plan aligned for global scalability. Key financial highlights include:

- **Hapbee achieved a Net Profit: \$1,431,567, representing a substantial improvement over Q2 2025 Net Profit \$17,988 as well as YE 2024** which had a Net Loss: (\$6,596,111). The significant shift to profitability resulted from higher gross margins, substantial reductions in consulting and salary expenses via restructuring, positive fair value movement in warrant liabilities, capitalization of eligible development costs, and successful debt reductions.
- **Total number of paid subscribers grew by 93% QOQ (4,570 in Q3 vs 2,370 in Q2) and 188% as compared to Q1 (1,588).** Quarterly Subscription Revenue increased by 34% in Q3 25 (\$108,694 vs \$81,416 in Q2 2025) and **105% growth as compared to Q1 2025 (\$53,151).**
- **Gross Margin has increased in Q3 2025 to 44% from YE 2024 (31%).** While lower than Q2 2025 (58%) which was driven by a sharp increase in subscription contribution, Q3 is substantially above 2024 levels and margin was challenged with inventory shortage due to increased sales demand in Q2.
- **Operating Expenses YTD was \$1,367,641 and after recording the waiver of rights against consulting expenses and salaries the net amount was \$(562,395) and significantly lower than YE 2024 \$(5,247,132).**
- Hapbee's Balance Sheet is stronger in all major areas. **Cash increased** to \$259,791 (YE 2024: \$132,274), **Accounts Payable decreased sharply** to \$1,716,087 (YE 2024: \$2,890,607), **Warrant Liability decreased** by 26% to **\$1,169,836** (YE 2024: \$1,583,842), **Historical debt** in the form of Promissory Notes was **reduced by 76% to \$351,335** (from \$1,499,577).
- Net revenues in Q3, 2025 decreased by 14% (to \$446,897 vs \$520,152 in Q2 2025) but showed increased revenue of 231% vs. same period prior year Q3 24 (\$135,183). The revenue shortage in Q3 was primarily due to inventory constraints to meet increased demand. Net device units sold in the quarter decreased by 31% (to 1,270 from 1,846) due primarily to inventory shortages due to fulfillment of sales in Q2. The company has sufficient inventory to meet increased demand in Q4.

The company continues to adhere to ongoing discipline management in consulting, administration and wages to achieve increased profitability levels.

New Leadership. Hapbee's leadership team continued to strengthen its expertise and capabilities across technology, product development, neuroscience, women's wellness, and capital markets.

- **Krishna Subramanian joined the Company as the new Chief Financial Officer** in July of 2025 and has led financial discipline improvement efforts, significantly aiding in the restructuring of historical liabilities.
- **Jodi Jackson is Hapbee's Chief Neural Optimization Officer** provides Hapbee with science-backed direction for cognitive performance, emotional health, and women's wellness.
- **Nancy Rothstein is Hapbee's Chief Sleep Officer.** A nationally recognized sleep expert, Nancy brings deep insights into women's sleep health, hormonal cycles, stress, and aging-related challenges.
- **Pat Murray now leads Hapbee's Product Development** overseeing hardware engineering, manufacturability, and component simplification.
- **TJ Varghese leads Hapbee's Device Development and Innovation**, focusing on scalable design systems and the engineering of **universally compatible signal-delivery components**, critical for the Company's licensing strategy.

Board Transition. The Company also added **Krishna Subramanian** to the board of Hapbee, replacing Yona Shtern. **Hasan Shahid** has now been appointed as a new Board Member. Hasan brings extensive capital markets acumen and a unique investor-oriented perspective, which will strengthen Hapbee's strategic approach to financing, partnerships, and long-term shareholder value creation. These directors follow last year's addition of Mr. Jaylen Brown, NBA Champion and Finals MVP, Mr. Riz Shah (who also assumed the role of Board Chairman in Q2 2025), Mr. Abdulla Al Zain and Ahsan Ashraf to guide technology enhancement, product development and expansion efforts. This expanded and strengthened leadership team positions Hapbee for future growth, deeper fem-tech category penetration, and the successful execution of its licensing roadmap.

Rachid Lassal stepped down from the Board during Q3. The Company extends its appreciation for his service, guidance, and contributions.

Research and Development Efforts for New Product Roadmap. To date, Hapbee has spent more than \$4 Million on the design, engineering and creation of the Hapbee devices and the Hapbee App. Major product and platform advancements drove Q3 investments and are noted below.

- **Neckband V2.** 'Volume 2' of Hapbee's premier wellness wearable has progressed toward final engineering. It features a more compact, comfortable, iconic design, enhanced signal delivery capabilities, a digital screen and wireless charging and further weather resistant casing. The company anticipates a manufacturing transition from V1 to V2 through Q4 2025 working towards a launch in Q1 2026.

- **Hapbee App.** The company is anticipating a major Upcoming Release in Q4. This required increased development spending in Q3 to provide our current and future Hapbee members with enhanced capabilities. These include:
 - A new AI-powered Wellness Concierge, helping users find the right signal instantly
 - Integration with Apple Health, Oura Ring, and WHOOP, enabling personalized signal recommendations
 - Improved Quick Start user flows, significantly reducing friction
 - A rebuilt back-end architecture designed for high-scale membership growth
 - Additional signal blends, boosted intensities, and improved playback algorithms
- **New signals announced.** Hapbee also announced the upcoming release of signals to help with allergy comfort, hunger management and sexual vitality. Added to the existing library of signals (for sleep, drowsy, relax, calm, energy, strain relief, etc.), Hapbee is uniquely positioned to address nearly every major wellness challenge through its bio streaming technology, all naturally, without the need to ingest pills or chemicals.
- **Universally Applicable Engineering Components.** The company will be shifting its product strategy to two primary products: 1) a Universal Controller to be installed within routinely purchased consumer products such as pillows, joint wraps and to adopt and utilize Hapbee technology; and 2) the next generation V2 neckband as noted above. The product team continued developing modular signal-delivery components that reduce manufacturing cost, can be embedded into numerous licensed form factors and serve as the backbone for Hapbee's long-term partnership and licensing programs.

These developments position Hapbee for higher volume distribution through third-party brands.

In addition the Company announced a new consumer-focused **full-body mattress topper in Q3 2025**. The next generation of the neckband wearable device is anticipated to be launched in Q4 2025.

New Marketing Efforts. Following on to the company's efforts to revise its marketing messaging to **focus on seven of the most predominant wellness challenges facing consumers** – sleep, focus, stress, anxiety, energy, body aches/strains and dependency on caffeine, smoking and vaping - the company is excited to announce to further strategic shifts in Q3.

- **Expansion into Fem-Tech and Women's Wellness.** The company recognizes that women disproportionately experience sleep disruption, stress, hormonal shifts, and emotional fatigue. With Jodie Jackson and Nancy Rothstein leading the initiative, Hapbee's messaging now speaks directly to new mothers, working women balancing professional and family responsibilities, as well as women navigating bio and physiological hormonal transitions including aging.
- **Alliances With Frequency & Vibrational Wellness Companies.** Hapbee is positioning itself for formal alliances with leaders in frequency therapy, vibrational healing alternative wellness modalities, recovery and performance technology and fem-tech focused technology. These

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alliances are expected to leverage the new universally compatible Hapbee components and accelerate adoption in Q4 2025 and throughout 2026.

- **Rebrand Strategy.** Hapbee is preparing a rebrand targeting consumers seeking non-ingestible, natural, non-chemical wellness solutions and a growing demographic familiar with the science of electromagnetically mediated biological effects as well as a broader population seeking functional, modern, biology-aligned wellness tools.

New Partnerships. The Company announced an important commercial relationship in the Retail Sector with Snooze Mattress – the fastest growing sleep retailer in the US, focusing on holistic sleep solutions which will integrate Hapbee's sleep solutions into their sleep consultation process with consumers in Snooze's growing store footprint.

These are in addition to previously announced partnerships in the Hospitality sector which included opening Jumeirah (the pre-eminent luxury hotel brand in the Middle East) and the Company returning to Amazon as another commerce channel. Many of these investments in Q3 were made with the specific intent of laying the groundwork for long term impact to sales expansion in 2026 and beyond, specifically in the hospitality sector.

Financial Performance Summary. The following discussion of Hapbee's overall financial performance is based on the unaudited consolidated financial statements for the quarter-ended September 30, 2025, as well as the year-ended December 31, 2024.

The statement of financial position as at September 30, 2025, indicated a cash balance of \$ \$259,791. (YE 2024 – \$132,274), receivables of 218,418 (YE 2024 – \$251,175), inventory of 243,431 (YE 2024 – \$264,891), and prepaid expenses of \$626,235 (YE 2024 - \$381,645). Intangible assets stood at \$1,680,354 (YE 2024 – \$1,196,750). The total assets increased to \$3,028,229 (YE 2024 – \$2,226,735), reflecting an increase across the asset classes, with major increase in Intangible Assets on account of capitalization of development costs.

Liabilities at September 30, 2025, totaled \$3,855,444 (YE 2024 – \$6,347,728), primarily driven by decrease in loans payable, accounts payable and accrued liabilities. Warrant liability decreased to \$1,169,836 (YE 2024 – \$1,583,842), reflecting a positive fair value adjustment. Convertible debentures – deferred compensation decreased to \$351,335 (YE 2024 – \$1,499,597).

Shareholders' equity stood at negative \$827,215 (YE 2024 – negative \$4,120,933), with share capital \$21,640,452 (YE 2024 - \$19,595,748), reserves \$6,682,628 (YE 2024 - \$6,702,863), and accumulated deficit decreasing to \$29,150,295 (YE 2024 – \$30,419,604).

During the quarter ended September 30, 2025, Hapbee reported a net profit and comprehensive Income of \$1,431,567, compared to a net profit of \$17,996 for Q2, 2025.

Key expenses for the quarter included:

- Consulting fees of -\$1,427,007 (Q2 2025 - \$22,746), on account of agreed waiver of deferred compensation amounting to \$1,670,236.
- Product development costs of \$347,770 (Q2 2025 – \$328,874), less \$249,000 in capitalized expenses (Q2 2025 - \$291,979).

- General and administrative expenses of \$111,992 (Q2 2025 - \$141,970).

Current Products

Hapbee's proprietary frequency-based technology can be streamed across a myriad of devices by playing precise electromagnetic signals designed to trigger desired sensations controlled via the Hapbee Mobile App, available on iOS and Android. All products that use Hapbee's technology are designed to support everyday wellness by using proprietary signal technology to help users manage common lifestyle challenges:

- **Sleep** – Hapbee's Smart Sleep Pad and Neckband deliver relaxation-focused signals that help users wind down, fall asleep faster, and stay asleep longer, supporting more consistent, restful sleep patterns.
- **Focus** – Hapbee's Focus and Productivity signals promote mental clarity and sustained attention, helping users overcome distractions and stay on task throughout the day.
- **Stress** – A range of calming signals are available to help ease daily stress, reduce mental fatigue, and create a greater sense of relaxation and composure.
- **Anxiety** – Hapbee's relaxation-focused blends are designed to help calm the nervous system and support emotional balance, offering users a sense of ease in high-pressure moments.
- **Energy** – The Energy signal lineup helps users feel more alert and engaged without relying on stimulants — an ideal solution for mid-day slumps or non-caffeine energy boosts.
- **Aches, strains, and body pains** – Hapbee signals designed to support physical recovery help users manage daily discomfort from physical exertion, strain, or overuse, complementing post-exercise routines.
- **Dependency – caffeine, smoking, and vaping** – Hapbee offers behavioral support signals that mimic the effects of certain substances like nicotine or caffeine, helping users reduce reliance on external stimulants or habits in a non-chemical, non-addictive manner.

Current Hapbee Wearables and Immersive Products

Hapbee currently commercializes 3 devices that allow users to leverage the benefits of Hapbee's bio-streaming technology, they are: the Hapbee Neckband V1, the Hapbee Smart Sleep Pad and the Immersive Mattress Topper.

- **Hapbee Neckband:** Designed for daytime use while working, traveling, studying or relaxing. The Neckband provides sufficient battery charge for usage to support a fully day of activities controlled by the newly designed Hapbee App, including such as sleep (particularly while traveling), wake-up/slump (energy), focus (work), stress reduction (calm), strain/headache relief, reducing dependency on smoking, vaping and caffeine, amongst others. The lightweight (4.5 oz) and low-profile design of the Hapbee Neckband allows users to wear the product comfortably and discreetly around their collars or under their shirts.
- **Hapbee Smart Sleep Pad:** Tailored for nighttime use, the Sleep Pad measures 9" x 11" and is made of soft, foldable foam – designed for use under a pillow or behind the neck and back as

needed, and foldable for travel. It supports restful sleep and physical recovery through signal playback.

- **Hapbee Immersive Mattress Topper:** The company's **first next-generation wellness device** is designed to transform any bed into a personalized sleep and recovery environment. Currently available for commercial customers only in the hospitality sector, the Immersive Mattress Topper has embedded signal-emitting technology via Hapbee's proprietary frequency blends - specifically those for **sleep, relaxation and recovery** - delivering a 'full body' experience while resting or sleeping. The company anticipates release of a consumer model in 2025.

As mentioned above, Hapbee plans to significantly expand products and form factors by licensing its proprietary technology and improve its halo wearable product (the V2 neckband). Q4 2025 will continue to develop these products to position the company for significant success, partners and alliances in 2026 and beyond.

Hapbee App and Subscription Platform

The **Hapbee App** is the primary control center for all Hapbee devices, offering access to **60+ curated signals and routines** across various wellness goals. While currently available in English, the company plans to provide the app in different languages aligned with global expansion. Arabic language is planned for the Company's middle-east regional expansion goals later in 2025.

The purchase of a Hapbee device includes a 30-day trial of Hapbee Subscription (All Access or Sleep-Only) that affords the user access to Hapbee vibes, routines, and functionality. Following 30 days, users have the option to sustain their Premium Subscription through an auto-renew all-access monthly plan (@\$19 per month) or annually (@\$199). Hapbee also offers a **Sleep-only subscription plan**, designed to increase accessibility to the millions of people with sleep challenges. The Sleep-only Plan provides user subscription access to all Hapbee Sleep vibes and routines for \$10 per month or annually for \$99. To further exhibit our confidence in Hapbee products and technology, the **Company provides a full 100-day money back guarantee** on all its products and free-shipping in the US.

To further elevate the user experience and increase adoption, Hapbee has integrated **artificial intelligence and natural language training** into the app. Users can now **interact with the app conversationally** - asking questions such as:

- "What does this signal do?"
- "Which vibe is best for focus?"
- "Why is my signal not playing?"

The AI assistant is trained on Hapbee's signal library, device manuals, FAQs, and customer support workflows, allowing it to provide **real-time, accurate responses** for signal guidance, troubleshooting, and optimal usage.

The app's design and functionality are continuously evolving through collaboration with mobile developers, API/web engineers, and security experts. To date, the app has undergone more than **60 updates**, with future releases focused on improved UX/UI, deeper personalization, and conversion optimization for paid subscriptions.

All signals streamed through the app are **secured using robust encryption protocols**, including AES 128-bit for signal files and RSA/ECDSA 2048-bit keys for communication. Proprietary tools developed

using Microsoft .NET Framework and Windows Desktop Platform ensure that both signal data and user information remain secure.

For further protection, **devices are physically sealed via sonic welding** - if tampered with, embedded signals become inoperable.

Signal Innovation and Insights

The Hapbee App also enables the Company to collect anonymized usage data, helping refine its signal offerings and user experience. Analytics include usage time, duration, and playback preferences. The platform is designed to support future **co-branded signal partnerships** with industries such as hospitality, automotive, transportation, military and healthcare.

New signals can be dynamically added or updated, and each can carry suggested durations and optimized playback parameters. The Company also introduced **Boosted Signals**, which enhance the user experience by amplifying the perceived intensity—adjustable directly within the app.

Additional signals and features are currently in **R&D**, with prioritization driven by direct user feedback.

Marketing and Distribution

The Hapbee Neckband V1 and the Hapbee Sleep Pad are available for sale on Hapbee's e-commerce website (www.Hapbee.com). The devices can be purchased individually or with monthly or annual subscription plans included.

The Immersive Mattress Topper is currently available to enterprise clients, including hotels, spas, sports teams and wellness clinics. The Company has announced plans to develop a consumer version of the Immersive Mattress Topper which it launched in 2025.

As part of its revamped go-to-market strategy, Hapbee has focused all platforms – website, app, social marketing - on seven core wellness challenges that affect millions of people daily - offering safe, stimulant-free alternatives for better living:

- **Sleep: Nearly 1 in 3 adults report difficulty sleeping** at least a few nights a week (CDC). Hapbee helps users fall asleep faster and stay asleep longer—supporting healthier sleep without pills or sedatives.
- **Focus: An estimated 8 million U.S. adults live with significant focus issues** such as ADHD, yet nearly **75% remain undiagnosed** (National Institute of Mental Health). Hapbee enhances mental clarity and sustained attention, offering a non-pharmaceutical option for those managing everyday focus challenges.
- **Stress: 77% of people report stress** impacts their physical health (American Psychological Association). Hapbee promotes relaxation and composure, helping users manage daily stress more effectively.
- **Anxiety: Over 40 million adults in North America experience anxiety** (NIH). Hapbee provides a non-invasive way to calm the nervous system and support emotional balance—especially in high-pressure moments.
- **Energy: 3 in 4 U.S. adults consume caffeine daily** (FDA), often leading to crashes or dependency. Hapbee offers a clean energy boost without the jitters, sugar, or withdrawal.

- **Physical Discomfort: 1 in 5 adults suffer from chronic pain** (CDC). Hapbee supports recovery and relief from aches and strains, making it ideal for post-exercise recovery or everyday tension.
- **Dependency (Caffeine, Smoking, Vaping): Over 60% of smokers want to quit, and caffeine overuse is rising** (WHO/FDA). Hapbee mimics the effects of common stimulants, helping users reduce reliance without chemicals or addictive side effects.

Hapbee has also established brand relationships with several high-profile brand ambassadors in sports, media and wellness – including Jaylen Brown (Boston Celtics), Jason Kidd (Dallas Mavericks), Jose Calderone (Cleveland Cavaliers/Toronto Raptors), Gary Brecka (Global Bio Hacker), Dave Asprey and Ben Greenfield among others. The company continues its work with military veteran organizations such as The Grey Team to help mitigate issues related to veteran suicide and re-integration. The ambassadors help Hapbee establish new relationships with teams, companies and other high-profile ambassadors and they actively promote their own Hapbee journeys through their expansive social media platforms. With additional affiliates and ambassadors partnering with Hapbee, the Company anticipates continuing to see revenue growth in Q3 2025 and beyond.

Hapbee Manufacturing and Production

Hapbee products are currently assembled in the U.S. using a mix of domestic and overseas components. In 2022, the Company established a dedicated assembly, distribution, and reverse logistics facility in **Torrance, California**. To improve cost efficiency and shorten lead times, the Company has partnered with manufacturers in Indonesia to produce components and finished goods for the Sleep Pad. To date, almost 20,000 Hapbee devices have been manufactured. The Company has also launched an Immersive Mattress Topper, tailored for high-end wellness environments such as spas, luxury hotels, and recovery suites.

In anticipation of potential impacts by tariffs of our current and upcoming products, as well as continued demand, the Company has increased pricing of its devices by \$50 in Q2 on both sleep pads and neck bands. As costs continue to increase, the company expects to increase pricing to achieve margin targets aligned with market demand.

Intangible Assets

The Company capitalized the acquisition costs of licenses and development costs related to the design and development of the product prototype.

(a) Licenses

License Agreement for sensory technologies

On March 29, 2019, Hapbee acquired a license from EMulate. The Company paid an up-front fee of \$1,500,000 for this license. The Company accrues a royalty on quarterly basis, due to EMulate, equal to 20% on the net income from the sale of the authorized product containing cognate signals. In exchange, Hapbee obtained from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize consumer digital products using EMulate's technology. The license has an initial term of 20 years from the effective date. The Company intends to engage in good faith negotiations with Emulate to extend the term of the license agreement and to expand its impact across a broader library of cognate signals.

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Pursuant to amendments to the License Agreement with Emulate, the effective date of the License Agreement was changed to October 26, 2020. All other terms remain unchanged.

On October 30, 2019, Hapbee acquired another license from EMulate. The Company paid an up-front fee of \$30,000 for this license. The royalty rate on the first \$10,000,000 will be 20% on the net income from use of the authorized product containing cognate signals. In exchange, Hapbee will obtain from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize consumer digital products using EMulate's technology. This license also has a term of 20 years from the effective date.

Pursuant to amendments to the License Agreement with Emulate, the effective date of the License Agreement was changed to October 26, 2020. All other terms remain unchanged.

On April 21, 2021, Hapbee acquired another license from EMulate. The Company paid an up-front fee of \$10,000 for this license. The Company will pay EMulate, on a quarterly basis, 20% royalties on the net income from sales, lease or rental of the authorized product containing cognate bedtime signals. The royalty rate on the first \$10,000,000 will be 20%. In exchange, Hapbee will obtain from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize consumer digital products using EMulate's technology. The license has a term of 20 years from the effective date.

On July 29, 2021, Hapbee acquired another license from EMulate. The Company paid an up-front fee of \$10,000 for this license. The Company will pay EMulate, on a quarterly basis, 20% royalties on the net income from sales, lease or rental of the authorized product containing cognate bedtime signals. The royalty rate on the first \$10,000,000 will be 20%. In exchange, Hapbee will obtain from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize consumer digital products using EMulate's technology. The license has a term of 20 years from the effective date. The company is currently in discussion with Emulate regarding certain amounts that were recognised and paid for in the earlier years. Accordingly, the company has not recognised any royalties as payable to Emulate in Q3 2025 pending the resolution of the matter.

(b) Development Costs

During the Q3 2025, Hapbee incurred development costs of \$347,770 out of which \$249,000 was capitalized related to the development of an augmentative wearable product that emulates normal molecular interactions in the body through small, specific magnetic fields.

The following table outlines Hapbee's intangible assets as of September 30, 2025:

	Sep 30, 2025	Dec 31, 2024
	\$	\$
License Agreement for certain sensory technologies	1,500,000	1,500,000
License Agreement for certain sensory technologies	30,000	30,000
License Agreement for certain sensory technologies	20,000	20,000
Development costs capitalized	540,979	1,079,980
Development cost-Impairment expense	-	(449,993)
Accumulated amortization of intangible assets		
- license fees	(410,625)	(353,250)
- development costs	-	(629,987)
	\$1,680,354	\$1,196,750

Third Quarter 2025

Liquidity and Capital Resources

At September 30, 2025, Cash as of September 30, 2025, was \$259,791 (Q4 2024 - \$132,274).

The Company has financed its operations to date primarily through the issuance of its shares and convertible debentures. The Company believes that it has sufficient working capital for its short-term corporate obligations, but the generation of additional capital will be required for future operations until sufficient revenue can be generated from Hapbee's sales of its wearable wellness products. As Hapbee cannot predict the time at that revenue will exceed expenses, Hapbee continues to seek capital through various means including the issuance of equity and/or debt.

The Company's financial success will be dependent upon the extent to that it can complete development of its current product and the user absorption the product receives. Such development may take longer than expected and the amount of resulting revenue, if any, is difficult to determine. The value of the core product is largely dependent upon many factors beyond Hapbee's control.

Off Balance Sheet Transactions

There are currently no off-balance sheet arrangements that could have a material effect on current or future results of operations, or the financial condition of Hapbee.

Related Party Balances

	Sep 30, 2025	Jun 30, 2025
	\$	\$
Les Consultants Shtern	-	308,248
4114589 Canada Inc.	-	171,893
EMulate Therapeutics Inc.	-	8,495
David Hoppenheim	-	112,230
Brian Mogen	-	149,600
Alchemy Global	-	260,000
Total		1,010,466

- a) EMulate Therapeutics Inc., an entity that has significant influence on Hapbee charged royalty fees. These royalty fees are calculated on a quarterly basis and are based on a percentage of profits from device sales and a percentage of subscription revenues net of platform fees.
- b) Les Consultants Shtern Inc., an entity owned by then Hapbee's Chief Executive Officer Yona Shtern, charged management consulting fees to Hapbee for CEO services rendered.
- c) 4114566 Canada Inc., an entity controlled by Hapbee's Corporate Secretary Kenneth Adessky, charged management consulting fees to Hapbee for services rendered.
- d) David Hoppenheim was the Chief Operating Officer (COO) of Hapbee and charged management consulting fees for COO services rendered.
- e) Brian Mogen was the Chief Technology Officer (CTO) of Hapbee and was paid a fixed salary for CTO services rendered.

- f) Alchemy Global is an entity controlled by the Company's Chairman Rizwan Shah, charged management consulting fees to the Company for services rendered.

Critical Accounting Judgments and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in that the estimates are revised and in any future periods affected. Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements are outlined below.

Share-based payments

The Company makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

Deferred income taxes

The Company is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes.

Each period, Hapbee evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for commodities, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

Going concern

The determination of Hapbee's ability to continue as a going concern requires Hapbee to make certain judgements about whether Hapbee will be able to realize its assets and discharge its liabilities in the normal course of business. The company is an early-stage technology company and will likely need to raise additional capital in the coming year to continue growth, scaling of operations and funding of future product development.

Capitalization of intangible assets

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets and the capitalization of costs for internally generated intangible assets is subject to judgment including the technical feasibility, timeframe to commercialization, assessment of availability of resources to complete the project, and if economic benefits will be generated from its use. Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required in identifying indicators of impairment of Hapbee's intangible assets.

Change in Accounting Policies including Initial Adoption

Please refer to Note 3 of Hapbee's audited consolidated financial statements for the year-ended December 31, 2024 for more information regarding Hapbee's significant accounting policies and changes.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, accounts payable and convertible debentures. The fair values of Hapbee's cash and accounts payable approximate their carrying values, due to their short-term natures. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that Hapbee will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital to meet short-term operating requirements, after taking into account Hapbee's holdings of cash. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or shares. Liquidity risk is assessed as high.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

Interest rate risk

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. The Company is not currently exposed to interest rate risk.

Price risk

The Company is exposed to price risk regarding equity prices. Equity price risk is defined as the potentially adverse impact on Hapbee's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk as all of its operations are in the United States of America, except for cash held in Canadian Dollars which amounted to \$4,472 Canadian Dollars as at September 30, 2025 (June 30, 2025 - \$80,100), accounts receivable which amounted to \$NIL Canadian Dollars at September 30, 2025 (June 30, 2025 - \$NIL) and accounts payable which amounted to \$372,378 Canadian Dollars at September 30, 2025 (June 30, 2025 - \$150,000).

For a list of additional risk factors that may impact the performance of Hapbee, please refer to "Risk Factors" in the Prospectus available on SEDAR+.

Disclosure of Outstanding Share Data

The following information relates to share data of Hapbee as at the date of this MD&A:

(A) Share capital

On June 15, 2020, Hapbee amended its articles to change its authorized capital from an unlimited number of common shares, without par value, to an unlimited number of Subordinated Voting Shares, and created a new class of unlimited number of Multiple Voting Shares, all without par value.

Authorized

The Company's authorized capital consists of (i) an unlimited number of Subordinated Voting Shares, and (ii) an unlimited number of Multiple Voting Shares. The holders of Subordinated Voting Shares are entitled to one vote for each Subordinated Voting share held. The holders of Multiple Voting Shares are entitled to 100 votes for each Multiple Voting Share held.

Voting Rights

All holders of Subordinated Voting Shares and Multiple Voting Shares are entitled to receive notice of any meeting of shareholders of Hapbee, and to attend, vote and speak at such meetings, except those meetings at that only holders of a specific class of shares are entitled to vote separately as a class under the Business Corporations Act (British Columbia). A quorum for the transaction of business at any meeting of shareholders is two persons present at the meeting, each of whom is entitled to vote at the meeting, and who hold or represent by proxy in the aggregate not less than 5% of the outstanding shares of Hapbee entitled to vote at the meeting.

On all matters upon that shareholders Hapbee are entitled to vote:

Each Subordinated Voting Share is entitled to one vote per Subordinated Voting Share; and each Multiple Voting Share is entitled to 100 votes per Multiple Voting Share.

Unless a different majority is required by law or the articles of Hapbee, resolutions to be approved by shareholders require approval by a simple majority of shareholders. Conversion Rights and Conditions Issued and outstanding Multiple Voting Shares, including fractions thereof, may at any time, subject to the FPI Condition (as defined below), at the option of the holder, be converted into Subordinated Voting Shares at a ratio of 100 Subordinated Voting Shares per Multiple Voting Share. Further, the board of directors of Hapbee may determine in the future that it is no longer advisable to maintain the Multiple Voting Shares as a separate class of shares and may cause all of the issued and outstanding Multiple Voting Shares to be converted into Subordinated Voting Shares at a ratio of 100 Subordinated Voting Shares per Multiple Voting Share. The right of the Multiple Voting Shares to convert into Subordinated Voting Shares is subject to certain conditions to maintain the status of Hapbee as a "foreign private issuer" under United States securities laws (the "FPI Condition").

At September 30, 2025, Hapbee has 225,699,083 Subordinated Voting Shares issued and outstanding and 450,000 Multiple Voting Shares issued and outstanding.

(B) Stock Options and Restricted Share Units

The Company has the Stock Option Plan as described above under the heading, "Business to be Transacted at the Meeting – D. Approval of Rolling Stock Option Plan"), and a Restricted Share Unit Plan (the "RSU

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Plan”) that was last amended and approved by the shareholders on December 7, 2022. The Stock Option Plan as proposed and the RSU Plan will comply with the requirements of the Exchange's Policy 4.4 Incentive Stock Options as it relates to Tier 2 issuers. The Company has issued incentive stock options to purchase up to 7,805,000 Subordinate Voting Shares. The Company has made RSU awards for 3,275,000 Subordinate Voting Shares.

During the year ended December 31, 2022, the Company granted an aggregate of 3,275,000 restricted stock units (the “RSU”) to officers, directors, key employees and consultants pursuant to the Company's RSU Plan with a fair value of \$0.05 per RSU. The RSU will be vested 1/3 on the 12, 24 and 36 months' anniversary. These units are exercisable until October 15, 2026.

The fair value of RSUs awarded to officers, directors, key employees and consultants was estimated on the dates of award using the fair market value of the Company share price. As at September 30, 2025, the Company has 3,275,000 RSUs issued and outstanding; and 2,183,333 RSUs exercisable.

The Company's RSU Plan, in its current form, is designed to provide certain directors, officers, employees and consultants of Hapbee and its related entities with the opportunity to acquire RSUs to enable them to participate in the long-term success of Hapbee. The purpose of the RSU Plan, similar to the Stock Option Plan, is to promote a greater alignment of the interests of directors, officers, employees and consultants of Hapbee with the interests of the shareholders. The Board (or such other committee the Board may appoint) is responsible for administering the RSU Plan. RSUs vest on terms established by the Board, or any Board committee appointed for such purpose.

(C) Warrants

In connection with private placements closed during the year 2023, the Company issued 13,093,488 non-transferrable warrants. Each warrant entitles the holder thereof to purchase one additional subordinate voting share of the Company at a price of \$C0.15 per share for a period of 24 months from the closing date. The fair value of warrants was valued using the Black-Scholes Option Pricing Model.

In connection with private placements closed during the year 2024, the Company issued 61,801,421 non-transferrable warrants. Each warrant entitles the holder thereof to purchase one additional subordinate voting share of the Company at an average price of \$C0.16 per share for a period of 24 months from the closing date. The fair value of warrants was valued using the Black-Scholes Option Pricing Model.

The warrants outstanding and exercisable as of September 30, 2025, are as follows:

	Expiry Date	Number of warrants outstanding	Number of warrants exercisable	Exercise Price (\$)
Balance, December 31, 2022		48,179,316	48,179,316	0.29
Granted	October 26, 2025	5,524,398	5,524,398	0.37
Expired	January 28, 2023	(182,000)	(182,000)	0.37
Balance, December 31, 2023		53,421,714	47,997,316	0.26
Expired	November 9, 2024	(42,354,070)	(42,354,070)	0.37
Granted	October 19, 2025	3,788,587	3,788,587	0.11
Granted	December 22, 2025	1,400,451	1,400,451	0.11
Granted	June 2, 2025	7,904,450	7,904,450	0.11
Granted	April 18, 2026	50,454,544	50,454,544	0.09
Granted	July 26, 2026	11,346,877	11,346,877	0.16
Balance, December 31, 2024		85,727,193	86,062,553	0.11

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Expired	January 28, 2025	(5,307,894)	(5,307,894)	0.37
Expired	June 2, 2025	(7,904,450)	(7,904,450)	0.11
Balance, September 30, 2025		72,514,849	72,514,849	0.11

Additional Disclosure for Venture Issuers without Significant Revenue

During the quarter-ended September 30, 2025, Hapbee incurred development costs of \$347,770 (December 2024 - \$498,513) related to Hapbee Wearable Wellness Product. Of the total development costs, \$249,000 was recorded as intangible assets – development costs and the balance is recorded as product development costs.

The breakdown of material components for development costs that are capitalized is:

	Sep 30, 2025	Dec 31, 2024
Product Development (including salary component in 2022 reallocated for 2023 for 31 Dec 2024)	\$249,000	\$498,513
Tooling and Production	-	-
Signal Development and Safety Testing	-	-
	\$249,000	\$498,513
Amortization of intangible assets - development costs	(19,125)	(134,197)
	\$229,875	\$364,316

Product development consisted mainly of materials and consulting fees. Please note that all references to “product development costs” in the MD&A are in reference to any arms-length management consulting fees paid primarily to Engineering contractors for product development services rendered.

Other Items

Hapbee released a new version of the Hapbee Mobile App in May 2025 which featured a number of important enhancements and features aimed at improving customer satisfaction, including: boosted signals which allow users to increase the intensity of effect with the flick of a switch, guided on-boarding for new users, a completely redesigned user interface and an AI-powered assistant which guides users to the best frequencies that match their desired outcomes.

Hapbee also launched a redesigned and optimized e-commerce website that is driving increased conversion rates and improved product information and ambassador testimonials.

Growth Initiatives and Partnerships

Hospitality

Since the middle of 2024, Hapbee has expanded its focus on enterprise sales to the hospitality industry. Hapbee has since been successful in developing an Immersive Mattress Topper product specifically for spas and high-end hotel suites. A hospitality-focused sleep program provides hotel operators with significant revenue potential and hotel guests with the Hapbee experience allowing them to have a memorable sleep experience in the guest rooms at hotels.

Jumeirah

Jumeirah Group, a member of Dubai Holding and a global luxury hotel company, operates a world-class portfolio of 26 properties, comprising beachfront resorts, city hotels, and luxury serviced residences

across the Middle East, Europe, and Asia. Hapbee has partnered with Jumeirah to test-launch Hapbee Sleep Pads and Mattress Toppers along with custom Jumeirah Sleep Routines in all spa treatment rooms as well as in select guest rooms as part of their Sleep Concierge program. Hapbee Neckbands are also being used in spas and with hotel staff to deliver focus and relaxation on demand.

Snooze Mattress

Snooze is one of the fastest growing sleep retailers in the United States integrating wellness technology with traditional mattresses and accessories to offer a uniquely integrated solution to improved sleep. Hapbee has entered into an LOI with Snooze to add Hapbee products to Snooze's assortment which will also provide the opportunity for more consumers to experience Hapbee's calming and restful impacts first hand.

Ambassadors

Well-known wellness-centric product ambassadors including Ben Greenfield (Greenfield Life), Gary Brecka (The Ultimate Human), Jaylen Brown (Boston Celtics), Jason Kidd (Dallas Mavericks), Jose Calderon (former NBA player from Toronto Raptors, New York Knicks, Cleveland Cavaliers) and others are sharing their personal Hapbee experiences with their large audiences on social media platforms.