DelphX Capital Markets Inc.

Management's Discussion and Analysis

For the Three Months Ended March 31, 2025 and 2024

May 30, 2025

*This Interim Management's Discussion and Analysis (this "**MD&A**") provides a review of the results of operations, financial condition and cash flows for DelphX Capital Markets Inc., ("**DelphX**" or the "**Company**"), for the three months ended March 31, 2025, and 2024.*

*This document should be read in conjunction with the information contained in the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2025 and 2024 (the "**Financial Statements**") and the Company's most recent annual financial statements for the years ended December 31, 2024 and 2023 ("**Annual Financial Statements**") which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise noted.*

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, May 30, 2025, being the date the Company's board of directors (the "Board") approved this MD&A and the Financial Statements.

Additional information about the Company is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.delphx.com.

Company Overview

DelphX is a technology and financial services company focused on bringing a new and exciting opportunity to the structured product and credit market. Through its special purpose vehicle Quantem and its broker-dealer DelphX Services Corp, it enables fixed income dealers to offer new private placement securities which protect against credit rating change risk and facilitate attractive returns.

The Company's primary business objective is to innovate a new and revenue-generating product in the fixed income and structured product market. Bond investment and insurance companies have seen a lackluster ability to protect against risks associated with rating changes. The problem of rating changes, particularly downgrades, is significant, because they cause institutional investors, banks, dealers, pension funds and insurance companies to tie up additional capital to offset potential liabilities within their existing portfolios. Economic and market conditions frequently demonstrate the need for risk mitigation around rating changes, and trading firms require new sources of revenue in product categories which are new and relevant.

To capitalize on this opportunity and address these unmet needs, DelphX has created two proprietary private placement securities solutions that offer both secure risk protection and enhanced returns for currently issued underlying corporate bonds: Collateralized Put Options ("**CPOs**") and Collateralized Reference Notes ("**CRNs**").

CPOs are private placement securities which allow loss protection on spread and capital charge changes associated with rating changes. CRNs are private placement securities which collateralize a maximum liability on CPO protection and pay enhanced returns.

CPOs provide value to qualified investors that want to buy protection against the potential downgrade of a specific bond issued by a reference company while CRNs provide another qualified investor, that is interested in underwriting that protection, with returns from both the option premium and the interest earned on the collateral.

All CPOs and CRNs are issued by Quantem, which captures a fee for its services. Securities are collateralized by US Treasuries and held in custody by a third-party custodian bank. At no time does DelphX (or Quantem) hold any securities or funds on behalf of third parties.

DelphX has officially introduced this product to the institutional buyside and broker-dealer community, with two leading hedge funds offering protection to buyers of protection. The Company anticipates adoption and monetization shortly.

Discussion of Operations

	Three months ended March 31,			
	2025	2024	Change	%
Administration	**367,166**	386,379	(19,213)	(5)
Legal and regulatory	**48,885**	12,873	36,012	280
Interest and bank charges	**2,337**	2,640	(303)	(11)
Investor relations and public reporting	**52,060**	53,968	(1,908)	(4)
Marketing and sales	**12,478**	12,443	35	0
Share-based payments	**97,050**	1,771,365	(1,674,315)	(95)
Other	**-**	-	-	n/a
Total operating expenses	**579,976**	2,239,668	(1,659,692)	(74)
Other income	**-**	449	(449)	(100)
Loss	**(579,976)**	(2,239,219)	1,659,243	(74)
Foreign currency translation	**(4,380)**	(50,978)	46,598	(91)
Comprehensive loss	**(584,356)**	(2,290,197)	1,705,841	(74)

Comprehensive loss for the year ended March 31, 2025, decreased by 74% compared to the prior year, primarily due to lower stock-based compensation relative to the prior year which included shares-for-services agreements. This was partially offset by increased legal and regulatory costs associated with efforts to accelerate the launch of the Company's CPO and CRN products.

Quarterly Highlights

The following financial data for each of the eight most recently completed quarters has been prepared in accordance with IFRS.

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Operating expenses	**579,976**	877,689	844,118	811,277
Net loss and comprehensive loss	**(584,356)**	(1,023,653)	(818,982)	(835,990)
Weighted average number of shares	**188,307,266**	182,342,885	177,552,004	158,731,795
Basic and diluted loss per share	**(0.00)**	(0.01)	(0.00)	(0.01)

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Operating expenses	2,239,668	705,004	623,585	436,223
Net loss and comprehensive losses	(2,290,197)	(156,248)	(634,080)	(321,894)
Weighted average number of shares	153,372,485	148,786,754	145,398,641	142,618,239
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)

Financial condition

Readers should refer to Note 1 to the Financial Statements regarding the going concern assumption in conjunction with the discussion below.

The following chart highlights significant changes in the Statements of Financial Position from December 31, 2024, to March 31, 2025.

Item	Increase (decrease)	Explanation of change
Cash	**299,551**	Please refer to "Cash Flows by Activity section" for detailed analysis of change in cash.
Harmonized sales taxes recoverable	**(4,577)**	Decrease was due to higher amounts collected from outstanding returns from prior periods versus ITC's paid in the current period as spending has been more focused on US operations not subject to HST in connection with product launch initiatives.
Deposits and prepaid expenses	**3,482**	Prepaid costs increased slightly from year end due to additional prepaid rental fees.
Accounts payable and accrued liabilities	**(106,932)**	Accounts payable decreased primarily due to payment of outstanding prior period legal and audit fees outstanding at year end.
Share capital	**1,094,004**	Increase is primarily due to gross proceeds from private placements, net of issuance costs, and includes the issuance of shares to settle the commitment to issue shares outstanding balance outstanding from December 31, 2024.
Commitment to issue shares	**(185,000)**	Decrease was due to shares owing at year end under shares for services agreements which were subsequently issued during the first quarter of 2025.
Contributed surplus	**104,050**	This increase corresponds to $97,050 in share-based compensation expense recognized during the period and the $7,000 related exercise of finders' warrants.
Warrants	**(2,310)**	Decrease was due to the exercise of finders warrants during the period which was partially offset by an increase in finders' warrants issued from private placements. Warrants were determined based on their fair values upon issuance.
Share subscription receivable	**(21,000)**	Increased due to a portion of the proceeds on the March 2025 private placement being received following the end of the quarter.
Deficit	**(579,976)**	Increased due to the net loss recorded for the period

Liquidity and Capital Resources

On March 31, 2025, the Company had cash of $353,813 (December 31, 2024 – $54,262) and a net working capital deficiency of $2,181,993 (December 31, 2024 – $2,587,381). Net working capital is a non-GAAP measure and is defined as the sum of cash, harmonized sales taxes recoverable, deposits and prepaid expenses, and accounts payable and accrued liabilities. For additional details, please refer to the "Non-GAAP Measures" section of this MD&A.

On January 24, 2025, the Company closed the issuance of 1,335,000 units at a subscription price of $0.12 per unit for gross proceeds of $160,200 (the "**January 2025 Offering**"). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.20, for a period of five years from the date of issuance.

On February 3, 2025, the Company issued 1,567,459 common shares in settlement of a $185,000 commitment to issue shares pursuant to shares-for-services agreements. The commitment had been previously recognized as an obligation in connection with services rendered in 2024.

On February 21, 2025, the Company closed the issuance of 2,789,333 units at a subscription price of $0.09 per unit for gross proceeds of $251,040 (the "**February 2025 Offering**"). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.20, for a period of two years from the date of issuance.

On March 4, 2025, 116,667 finders' warrants were exercised at a price of $0.06 per share for total proceeds of $7,002, resulting in the issuance of 116,667 common shares.

On March 24, 2025, the Company closed the issuance of 7,276,428 units at a subscription price of $0.07 per unit for gross proceeds of $509,350 (the "**March 2025 Offering**"). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.08, for a period of five years from the date of issuance. In connection with the March 2025 Offering, the Company paid a cash finders' fee of $4,900 and issued 70,000 finders' warrants. The Finders' Warrants will be exercisable at $0.08 each for a period of five years after issuance.

After the reporting date, the following securities transacted:

On May 26, 2025, the Company closed the issuance of 2,151,000 units at a subscription price of $0.07 per unit for gross proceeds of $150,570 (the "**May 2025 Offering**"). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.20, for a period of five years from the date of issuance. In connection with the May 2025 Offering, the Company paid a cash finders' fee of $3,533 and issued 50,470 finders' warrants. The finders' warrants will be exercisable at $0.20 each for a period of five years after issuance.

Risk Management

DelphX may be exposed to risks of varying degrees of significance which could affect its ability to achieve its business objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As of March 31, 2025, the Company had $2,641,337 (December 31, 2024 - $2,748,269) in liabilities with a maturity of one year or less and a net working capital deficiency of $2,181,993 (December 31, 2024 –$2,587,381).

The Company manages its liquidity risk by reviewing its growth plans on an ongoing basis and sourcing funding through private placements of equity until such time that the Company is able to generate revenue and profits. Refer to note 1 of the Financial Statements for further discussion of going concern.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. These risks include market factors that may have an impact on interest rates, foreign exchange rates, commodity prices and/or stock market movements.

The Company operates in an industry regulated by the Trading and Markets division of the U.S. Securities and Exchange Commission which oversees the FINRA which is responsible for changes in regulations for broker-dealer firms. Changes in regulations could have a significant impact on the Company's operations.

Currency risk

The Company's functional currency is the Canadian dollar. The Company also conducts business in US dollars. Financial assets and liabilities denominated in foreign currencies will be affected by changes in the exchange rate between the functional currency and any foreign currencies. The assets and liabilities primarily affected are cash, accounts payable and accrued liabilities that are denominated in foreign currencies.

Management believes that at this stage of its development, foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

The Company's funds are kept in Canadian and US dollars at major Canadian and US financial institutions.

The Company's exposure to foreign currency balances is as follows:

		Exposure ($Cdn)	
Account	**Foreign currency**	**March 31, 2025**	December 31, 2024
Cash	US dollar	**56,068**	43,693
Accounts payable and accrued liabilities	US dollar	**(1,920,192)**	(2,054,397)
		(1,864,125)	(2,010,704)

The Company is not currently exposed to any significant credit risk or other market risk.

Cash Flows by Activity

The table below outlines a summary of cash inflows and outflows by activity:

	Three months ended March 31,	
	2025	2024
Cash used for operating activities	**(588,763)**	(555,295)
Cash provided from financing activities	**892,694**	498,925
Effect of foreign currency translation	**(4,380)**	(50,978)
Net change in cash	**299,551**	(107,348)

Cash used in Operating Activities

The significant factors related to cash used for operating activities for both periods were driven by administration and legal and regulatory cash costs.

Cash provided by Financing Activities

Cash provided by financing activities for both periods primarily resulted from subscription proceeds received in connection with several private placements that occurred throughout the reporting periods presented.

Significant Accounting Policies, Judgements and Estimates

The significant accounting policies adopted and applied by the Company, and the significant judgments and estimates are outlined in the Annual Financial Statements.

Related-party transactions and balances.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

Equity transactions

As disclosed in Note 5 to the Financial Statements, private placements completed during the three months ended March 31, 2025 included the issuance of 630,000 units to related parties for gross proceeds of $48,350 (2024 – 208,333 units for gross proceeds of $70,000). These issuances were conducted under the same terms and conditions as the offerings described in Note 5.

Key management compensation

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, the chief executive officer, the chief financial officer, the director of operations, and the chief actuary and risk officer. Compensation paid or accrued to key management is detailed below:

	Three months ended March 31,	
	2025	2024
Administration	**155,711**	142,692
Share-based compensation	**55,400**	-
Compensation to key management	**211,111**	142,692

Outstanding securities

As at the date of this MD&A, DelphX has the following securities outstanding:

Security	**Number outstanding**
Common shares	199,810,183
Options (Exercisable – 18,239,667)	18,239,667
Warrants	73,838,563
Finders' warrants	1,871,921

Non-GAAP Measures

Non-cash working capital is a non-GAAP financial measure and is defined by the Company as the sum of cash, harmonized sales taxes recoverable, deposits and prepaid expenses and accounts payable and accrued liabilities. Non-GAAP financial measures do not have a standardized meaning prescribed by generally accepted accounting principles ("**GAAP**") and, therefore, may not be comparable with the calculation of similar measures by other companies. Management uses non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund operations. Non-GAAP measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. Accordingly, this Non-GAAP measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This document contains "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of DelphX or future events related to DelphX which reflect expectations regarding growth, results of operations, performance, business prospects or opportunities or industry performance or trends. Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future, including words or phrases such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "predict", "potential", "continue", "budget", "schedule", "estimate", "forecast" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

These forward-looking statements reflect DelphX's current internal projections, expectations or beliefs and are based on information currently available to DelphX. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which DelphX will operate in the future, including the state of capital markets, the demand for our products, anticipated costs and our ability to achieve goals.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements expressed or implied by the forward-looking statements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, business, economic, capital market, political and social conditions; the ability to manage our operating expenses; regulatory uncertainties; market conditions and the demand for our products; our relationships with our customers and business partners; competition in our industry and our ability to remain competitive; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of intellectual property infringement; our ability to manage working capital; and our dependence on key personnel.

Although DelphX has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause results, performance or achievements to differ from those 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.

Forward-looking statements contained herein are made as of the date of this MD&A and, except as may be required by applicable laws, DelphX undertakes no intent or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise.