

Datametrex AI Limited

Management's Discussion and Analysis
March 31, 2025
(Canadian dollars)

Datametrex AI Limited

Management's Discussion and Analysis for the Year Ended March 31, 2025
(Canadian dollars, except share and unit information)

The following management discussion and analysis, prepared as of July 29, 2025, provides information that management believes is relevant to an assessment and understanding of the results of operations and the consolidated financial position of Datametrex AI Limited (the "Company"). The Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for year ended March 31, 2025. Unless otherwise noted, all financial information in the MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

This MD&A contains or incorporates forward-looking statements within the meaning of Canadian Securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, revenue, earnings, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates, and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

The forward-looking statements contained in this MD&A are made as of the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, the Company does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

Business Overview

Datametrex AI Limited is a technology-focused Company with exposure to artificial intelligence, GPT technology, machine learning, and telehealth. Datametrex's mission is to develop innovative tools and solutions that facilitate the adoption of new standards of protocols using artificial intelligence and health diagnostics. Leveraging these technologies enables companies to proactively address issues related to supply chain management and enhance their overall operational efficiency with predictive and preventive technologies.

Datametrex prides itself on its forward-thinking approach and the ability to develop progressive solutions that address the most pressing challenges facing businesses today. Datametrex is committed to supporting clients in achieving their goals and helping them stay ahead of the curve in an ever-changing business landscape.

The Company is a publicly traded corporation, incorporated in the province of Ontario and its head office is located at 2300 Yonge Street, Suite 2802, Toronto, Ontario, M4P 1E4, Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "DM", on the OTCQB under the trading symbol "DTMXF" and on the Frankfurt Stock Exchange under the trading symbol "D4G".

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Change in Fiscal Year-End

In February 2024, the Company changed its financial year end from December 31 to March 31 to better facilitate the audit process for audit services for companies with a year-end of December 31. Accordingly, the Company had a fiscal period of fifteen months from January 1, 2023 to March 31, 2024 presented as comparative figures for the financial results.

Restatement

The Company's consolidated financial statements for the fifteen months ended March 31, 2024 have been restated to correct for errors in the original financial statements consisting of the following items:

- a) Inclusion of an additional office lease contract on 97 Street in Edmonton in relation to the acquisition of Imagine Health resulting in an increase in right-of-use asset and lease liability of \$224,687. The Company recognized accretion on this lease liability of \$19,710, lease payments of \$26,469 and depreciation on this right-of-use asset of \$15,070. Also, the Company recognized additional accretion on other lease liabilities of \$308,565 and a reduction in depreciation on other right-of-use assets of \$43,553.
- b) The Company had estimated its receivable related to Scientific Research and Experimental Development claims submitted to Revenu Quebec which were in the review process as at March 31, 2024. Based on the actual tax incentives subsequently received by the Company, the receivable was overstated resulting in the Company recognizing a write-down of \$157,749.
- c) Due to receiving new information subsequent to the audit report date, the Company adjusted accruals for revenue of \$120,212 related to operations of Imagine Health, revenue of \$71,833 related to operations of Nexalogy, consulting fees of \$70,000, legal fees of \$93,600 and payroll expenses of \$12,429.
- d) The Company incurred certain sales that are classified as zero-rated supplies under GST/HST. As such, the Company decreased GST/HST payable by \$36,939, revenue by \$114,737 and deficit by \$151,676.

These adjustments were considered not material to the overall presentation of the consolidated financial statements in the past. However, the Company elected to restate prior periods due to the decreased level of assets, equity, and operations in the current year.

Description of Business

Imagine Health Centres ("Imagine Health")

The Healthcare Vertical includes Imagine Health Centres, a multidisciplinary healthcare facility with locations currently in Edmonton, Alberta. Imagine Health Centres aim to converge to offer a seamless, integrated healthcare model.

Operational Details

Imagine Health Centres offer an extensive range of services, particularly focusing on their three primary lines: Medical, Pharmacy, and Physiotherapy. Their wide spectrum of services comprises Primary Care, Emergency Care, Pharmacy, Physiotherapy, Massage Therapy, Acupuncture, Cosmetic Services, Allergy Consultations, and Virtual Consults, provided by both employed healthcare professionals and independent consultants. Imagine Health does not own the locations of its medical clinics. Instead, the Company leases its clinic spaces. Imagine Health holds ownership of the pharmacies. However, the operations and management of these pharmacies are entrusted to and executed by licensed pharmacists in adherence to regulatory standards and best practices.

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For the operation of our various services, the following licensing structures are in place:

- **Medical Clinic:**
 - Physicians must be registered and licensed with the College of Physicians & Surgeons of Alberta (CPSA).
- **Pharmacy:**
 - Pharmacists must be registered and licensed through the Alberta College of Pharmacy (ACP).
 - Pharmacy License: The pharmacy itself also has a license, in order to operate, that is under the name of a Imagine Health pharmacist.
- **Physiotherapy:**
 - Physiotherapists need to be registered and licensed with the Physiotherapy Alberta College + Association.

Imagine Health primarily derives its revenue through the following channels:

- **Physician Consultations:** Revenue is primarily generated when physicians consult with patients on a fee-for-service basis. The fees associated with these consultations are typically billable to entities such as Alberta Health, Workers Compensation Board, and Occupational Injury Service. Depending on the nature of the consultation and the coverage of the patient, either the patient directly pays for these services or the cost is covered by Alberta Health or private insurance.
- **Revenue Sharing:** Medical professionals charge a fee for the services they render. This fee is then shared between the professional and Imagine Health based on pre-agreed terms.
- **Pharmacy Operations:** On the pharmacy side of the business, revenue is generated from the sales of prescription drugs and over-the-counter (OTC) products. Moreover, licensed pharmacists have the capability to bill for additional services such as vaccinations and consultative sessions.

Imagine Health receives payments through various channels, including directly from Alberta's health care insurance plan, private insurance providers, and direct payments from clients.

The primary revenue sources for Imagine Health Centres are derived from patient consultations in the medical clinic, pharmacy prescription and OTC sales, and physiotherapy services.

During the year ended March 31, 2025, the Company decided to focus on the medical clinic, and discontinued the pharmacy and physiotherapy operations. As a result, the operations of pharmacy and physiotherapy have been classified as discontinued operations in the Company's consolidated financial statements for the year ended March 31, 2025.

Strategic Direction

The Company envisions unveiling a fully integrated healthcare model. This model intends to combine the in-person consultations facilitated by Imagine Health Centres with the Company's AI and Medi-Call's telehealth services.

Risk Factors

Datametrex's Healthcare division faces several risk factors including ongoing regulatory shifts in telehealth governance as laws catch up to the technology. Expansion into new provinces also runs risks, as new levels of healthcare compliance have to be factored into the business' expansion plans.

Datametrex's Healthcare division is also subject to all risk factors common to the healthcare industry such as federal and provincial laws and regulations, data privacy policies, malpractice, healthcare incidents at physical clinics, and escalating competition in both telehealth and conventional healthcare sectors. Additionally, the international student flows for Medi-Call may be subject to changing immigration policies in Canada and abroad.

The physicians and nurses associated with these entities have their own individual insurance coverages. They are licensed and regulated by their respective colleges – the College of Physicians & Surgeons of Alberta (CPSA) for those based in Alberta and the College of Physicians & Surgeons of British Columbia (CPSBC) for those in British Columbia.

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Upcoming Developments

Imagine Health Centres is set to progressively embed AI and the Company's Medi-Call platform into its offerings, providing patients with a merged virtual and tangible healthcare experience. While a potential move into Ontario is under consideration, a definitive timeline is yet to be set.

Summary of Recent Developments

Imagine Health

Imagine Health is currently in the final stages of opening a third clinic in Vancouver, while management reviews the possibility of opening a fourth clinic in Ontario.

To further solidify its position as a leading provider of innovative healthcare solutions, the Company will be incorporating a Wellness Centre into its two (2) existing clinics which further expands services that offer physiotherapy, IV Vitamin Therapy treatment, acupuncture, and much more.

Selected Financial Information

	Year ended March 31, 2025	Fifteen months ended March 31, 2024	Year ended December 31, 2022
	\$	\$	\$
Current assets	3,200,996	3,672,523	15,618,738
Total assets	4,987,023	12,960,523	35,999,997
Total current liabilities	3,293,903	7,270,061	9,403,193
Total liabilities	4,330,622	12,213,155	13,231,352
Revenue	6,487,670	8,784,070	30,488,939
Net loss	(3,062,153)	(24,245,558)	(17,258,809)
Net loss from continuing operations	(918,266)	(24,146,085)	(17,258,809)
Net loss from discontinued operations	(2,143,887)	(99,473)	-

EBITDA and Adjusted EBITDA

Management believes that EBITDA and Adjusted EBITDA are effective measures for analyzing the performance of the Company. The term "EBITDA" refers to earnings before deducting interest, taxes, depreciation and amortization. The Company calculates Adjusted EBITDA as earnings before deducting interest and accretion, taxes, depreciation and amortization, impairment charges, acquisition related costs, and share based compensation. "EBITDA", "EBITDA per share", "Adjusted EBITDA", and "Adjusted EBITDA per share" are non-GAAP measures. The Company believes that EBITDA and Adjusted EBITDA are useful additional information to management, the Board and investors as it provides an indication of the operational results generated by its business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and amortization and it excludes items that could affect the comparability of our operational results and could potentially alter the trends analysis in business performance. Excluding these items does not necessarily imply they are non-recurring, infrequent or unusual. EBITDA and Adjusted EBITDA are also used by some investors and analysts for the purpose of valuing a company. Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to operating earnings or net earnings determined in accordance with IFRS as an indicator of the Company's financial performance or as a measure of the Company's liquidity and cash flows. EBITDA and Adjusted EBITDA do not take into account the impact of working capital changes, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

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The following table reconciles net loss to EBITDA and Adjusted EBITDA for the year ended March 31, 2025 and fifteen months ended March 31, 2024:

	Year ended March 31, 2025	Fifteen months ended March 31, 2024
	\$	\$
Net loss from continuing operations	(918,266)	(24,146,085)
Depreciation and amortization	1,359,659	3,603,911
Income taxes	(1,944,988)	(1,874,741)
Interest and accretion	259,888	394,628
EBITDA	(1,243,707)	(22,022,287)
Share based compensation	347,003	1,318,192
Impairment of intangible assets and goodwill	1,236,615	10,575,450
Impairment of property and equipment	831,396	507,011
Write down of inventory	-	136,724
Write down of trade receivables	251,800	-
Write down of accounts payable	(291,338)	-
Loss on settlement of liabilities	(2,119,104)	2,322,582
Loss on deconsolidation	-	2,574,937
Adjusted EBITDA	(987,335)	(4,587,391)

Refer to the Summary of Operations section in this MD&A for further details.

Summary of Operations

Revenue

For the year ended March 31, 2025, revenue was \$6,487,670 (fifteen months ended March 31, 2024: \$8,784,070). Certain significant revenue results were as follows:

- \$2,503,342 from IT services and licensing revenue earned from big data and Artificial Intelligence solutions (2024: \$3,852,772). Gross profit for the year ended March 31, 2025 was \$987,297 (fifteen months ended March 31, 2024: \$1,228,738) and gross margin was approximately 39% (fifteen months ended March 31, 2024: 32%). The increase in gross profit and margin is due to the composition of the Company IT revenue increase. The Company in the process of improving operating efficiencies at the Datametrex Korea Limited for profits.
- \$4,946,151 from health care revenue (fifteen months ended March 31, 2024: \$5,979,153) which was largely from Imagine Health centres. Direct costs for the year ended March 31, 2025 was approximately \$2,632,713 (fifteen months ended March 31, 2024 - \$4,283,677). Gross profit for year ended March 31, 2025 was \$2,313,438 (fifteen months ended March 31, 2024 - \$1,695,476). Revenue has decreased due to the Company shutting down the pharmacy and physiotherapy operations in the Imagine Health centres.
- The Company continues to work with several companies to build on its AI and Technology segment.

As part of the Company's growth strategy, management made a strategic decision to reinvest the profits made in the acquisition of Imagine Health Centres. This acquisition and the Company exercising its share buyback program have contributed to a decrease in cash. The Company believes that the acquisition of Imagine Health Centres, will enhance its position in the market and drive future growth and profits.

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The Company notes that the recent loss also includes the expenses related to the amortization and depreciation of various intangible assets. Despite the expected end of the COVID-19 pandemic, which fueled significant profits for the Company, management remains committed to a long-term strategy of prioritizing its core AI technology and integrating it to its healthcare businesses to drive sustained growth and profitability.

Operating Expenses & Other Items

For the year ended March 31, 2025, the Company incurred \$5,367,390 of operating expenses (fifteen months ended March 31, 2024: \$13,762,929). Certain significant items are noted below:

- Depreciation and amortization of \$1,359,659 (fifteen months ended March 31, 2024: \$3,603,911) related to the Company's property and equipment, intangible assets, and right-of-use assets. The decrease is primarily driven by the fully depreciated property, equipment and intangible assets.
- Share based compensation of \$347,003 (fifteen months ended March 31, 2024: \$1,318,192) related to the RSUs vesting, issued in January and February 2024.
- Salaries, benefits, and consulting fees decreased to \$1,402,148 (fifteen months ended March 31, 2024: \$3,299,650) related to a few employees leaving due to the stoppage of COVID-19 businesses.
- Office and general of \$1,020,319 (fifteen months ended March 31, 2024: \$2,386,006) includes office supplies, office maintenance, insurance, travel expenses, marketing costs and allowance for expected credit losses. The costs decreased as the costs for COVID-19 businesses decreased slightly offset by an increase in office costs at Imagine Health. The Company continues to work towards decreasing costs for operating efficiencies.
- Professional fees of \$1,085,501 (fifteen months ended March 31, 2024: \$2,521,274) due to various consulting services related to Imagine Health. The Company anticipates that the professional fees will be lower in the future due to the sale of the EVS to New World.
- The Company holds marketable securities in Justera and New World. The investments are measured at fair value, with the change recognized in profit or loss. During the year ended March 31, 2025, the Company recorded an unrealized loss on its marketable securities of \$190,849 (fifteen months ended March 31, 2024: unrealized gain of \$1,416,029) and a realized loss on sale of marketable securities of \$306,573 (fifteen months ended March 31, 2024: \$1,084,591) related to the disposal of 12,070,000 (fifteen months ended March 31, 2024: 4,144,937) New World shares for proceeds of \$236,577 (fifteen months ended March 31, 2024: \$241,783).
- During the year ended March 31, 2025, the Company recognized an impairment on intangible assets and goodwill of \$1,236,615 (fifteen months ended March 31, 2024: \$10,575,450) related to Imagine Health after determining the impairment amount using a value in use recoverable amount calculation.
- During the year ended March 31, 2025, the Company recognized an impairment on property and equipment of \$831,396 (fifteen months ended March 31, 2024: \$507,011) related to leasehold improvements due to terminating an office lease.

Quarter Ended March 31, 2025

For the three months ended March 31, 2025, the Company reported revenue of \$1,073,140 (2024: \$1,997,366) and operating expenses of \$880,346 (2024: \$2,343,222). The decrease in revenue is largely due to the increased revenue from Imagine Health centres, as discussed above. AI and Technology sales remain steady and the Company plans to further invest and develop its proprietary AI technology for a potential of future revenues.

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Operating expenses largely stayed the same or decreased as a result of significantly reduced operating activities related to COVID-19 testing. Professional fees and office and general costs decreased considerably as the Company is minimizing overhead and increase operating efficiencies.

For detailed analysis of the fluctuations, see the discussion above for the year ended March 31, 2025.

Summary of Quarterly Results

The following is a summary of the Company's eight most recently completed quarters:

	Q4 – 25 \$	Q3 – 25 \$	Q2 – 25 \$	Q1 – 25 \$	Q5 – 24 \$	Q4 – 23 \$	Q3 – 23 \$	Q2 – 23 \$
Total revenue	1,073,140	2,491,164	2,396,151	1,489,038	1,313,252	1,997,366	1,608,722	1,080,367
Net income (loss) from continuing operations	(1,053,728)	1,695,198	(258,968)	(1,300,768)	(10,898,998)	(6,828,755)	(2,295,558)	(2,972,427)
Net income (loss) per share – basic	(0.15)	0.08	(0.03)	(0.09)	(0.78)	(0.51)	(0.18)	(0.24)
EBITDA	(2,411,655)	2,015,663	106,663	(954,378)	(11,765,046)	(6,248,566)	(1,650,544)	(2,332,358)
Adjusted EBITDA	(264,135)	(203,780)	262,289	(781,709)	1,815,643	(3,607,553)	(1,489,688)	(1,280,020)

In the past, since Q2-2021, the Company reported approximately \$10 million revenue each quarter, with some fluctuations depending on seasonality of travelling or filming. Starting Q4-2022, the Company reported a sharp drop in revenue which is due to the fact that COVID-19 testing is no longer required for travels and the expectation that COVID-19 pandemic is coming to an end. This trend continued into Q1-2023 in which the Company reported revenue of \$3.8 million which is due to a strong revenue added by Nexalogy on reaching certain milestones with the Government of Canada. The Company's revenue stream related to COVID-19 businesses have ended during the first half of 2023 and Q2-2023 was the final quarter that the Company reported any such revenue.

Net income (loss) over the past 8 quarters were fluctuating significantly which is due to the timing of recognition of expense items, including share-based compensation expense, impairment losses on intangible assets, losses from business acquisitions, and unrealized losses on marketable securities. The net losses for Q2-2023 all the way up to Q5-2024 are due to the start-up costs associated with the new businesses acquired.

Net income reported for Q3-2025 is mainly due to the gain on settlement of liabilities of \$2,173,333 resulting in settlement of various loans and legal provisions.

Net loss from continuing operations for Q4-2025 is mainly due to the impairment on property and equipment of \$831,396 related to leasehold improvements after terminating an office lease and impairment on intangible assets and goodwill of Imagine Health of \$1,236,615.

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Segment information

Geographical information is summarized as follows:

	Canada \$	Korea \$	Total \$
For the year ended March 31, 2025			
Revenue from external customers	4,946,151	2,503,342	7,449,493
Non-current assets	1,782,653	3,374	1,786,027
	Canada \$	Korea \$	Total \$
For the fifteen months ended March 31, 2024			
Revenue from external customers	6,531,996	3,299,929	9,831,925
Non-current assets	9,281,421	6,579	9,288,000

Liquidity, Capital Resources, and Cash Flow

The Company has historically primarily financed its operations through the issuance of common shares and warrants, but operations were profitable in recent periods. Also, the management focused on improving sales and reducing operating costs. The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

For the year ended March 31, 2025, net cash used in operating activities from continuing operations was \$1,238,354 (fifteen months ended March 31, 2024: \$7,021,559), net cash provided by investing activities was \$59,096 (fifteen months ended March 31, 2024: used in investing activities \$1,211,435), and net cash provided in financing activities from continuing operations was \$1,222,045 (fifteen months ended March 31, 2024: \$317,722).

At March 31, 2025, the Company has an accumulated deficit of \$68,099,576 (2024: \$65,037,423) and a working capital deficit of \$92,907 (2024: \$3,597,538). On March 31, 2025, the Company had cash and cash equivalents of \$368,107 (2024: 341,242).

At March 31, 2025, the Company had current assets of \$3,200,996 (2024: \$3,672,523), including cash of \$368,107, and current liabilities was approximately \$3,293,903. Management believes that it has sufficient cash to fund its planned operations for the next twelve months. As noted above, the Company's cash outflows from operations decreased significantly. During the year ended March 31, 2025, the cash used in operations from continuing operations was approximately \$1,238,354 compared to \$7,021,559 during the fifteen months ended March 31, 2024. This is due to mainly the decrease in costs.

On July 5, 2024, the Company closed the first tranche of its non-brokered private placement of 1,075,833 units of the Company at a price of \$0.60 per unit for aggregate gross proceeds of \$645,500. Each Unit consists of one (1) common share of the Company ("Share") and one (1) common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$1.50 per Share for a period of two (2) years from the date of issuance. Insiders of the Company have participated in the Private Placement by subscribing for 100,000 Units.

On July 30, 2024, the Company closed the second tranche of its non-brokered private placement of 519,016 units of the Company at a price of \$0.60 per unit for aggregate gross proceeds of \$311,409. Each Unit consists of one (1) common share of the Company and one (1) common share purchase warrant. Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$1.50 per Share for a period of two (2) years from the date of issuance.

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On August 19, 2024, the Company closed the final tranche of its non-brokered private placement of 941,667 units of the Company at a price of \$0.60 per unit for aggregate gross proceeds of \$565,000. Each Unit consists of one (1) common share of the Company and one (1) common share purchase warrant. Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$1.50 per Share for a period of two (2) years from the date of issuance.

The acquisitions of Imagine Health is complete and started to add revenues and cash flows almost immediately without any significant additional capital expenditures. At March 31, 2025, the Company had \$2.5 million already advanced to Imagine Health and no further capital expenditure is required.

Related Party Transactions

a) **Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities at March 31, 2025 was \$148,265 (2024 - \$12,600) due to officers, directors and/or companies with certain officers and directors in common of the Company.

During the year ended March 31, 2025, the Company recognized a write-off of accounts payable in the total amount of \$291,338 related to certain balances outstanding to a company controlled by a director of the Company and a company with certain officers and directors in common with the Company.

b) **Trade receivables**

Included in trade receivables at March 31, 2025 was \$1,488,038 (2024 - \$Nil) due to a company with certain officers and directors in common of the Company.

During the year ended March 31, 2025, the Company recognized a write-off of trade receivables in the total amount of \$108,600 related to a balance outstanding to a company with certain officers and directors in common with the Company.

c) **Loans payable**

As at March 31, 2025, the Company has a loan payable to New World in an amount of \$15,800 (2024 – loan receivable of \$10,000). The loan is unsecured, non-interest bearing and repayable on demand.

d) **Revenue**

During the year ended March 31, 2025, the Company recognized revenue of \$1,405,629 from companies with certain officers and directors in common with the Company.

e) **Compensation of key management personnel**

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. The Company considers key management personnel to include members of the Board of Directors and executive officers of the Company. Compensation to key management personnel is listed below:

	Year ended March 31, 2025		Fifteen months ended March 31, 2024	
	Amount \$	Options vested	Amount \$	Options vested
Short term compensation	607,753	-	795,657	-
Services included in direct costs	-	-	560,000	-
Share based compensation	156,285	-	884,514	783,333
	764,038	-	2,240,171	783,333

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Subsequent Events

In June 2025, the Company completed the acquisition of all of the issued and outstanding shares of Arbutus Health and Wellness Inc. ("Arbutus Health"), a multidisciplinary medical clinic in Vancouver, BC. The acquisition of Arbutus Health was completed by way of share exchange agreement between the Company, Arbutus Health and the shareholders of Arbutus Health, pursuant to the Company acquiring 100% of the issued and outstanding shares of Arbutus Health in exchange for an aggregate of 11,000,000 common shares of the Company.

In June 2025, the Company announced a non-brokered private placement of up to 37,500,000 common shares of the Company at a price of \$0.08 per share for gross proceeds of up to \$3,000,000. In connection the private placement, the Company may pay finders' fees of up to 10% cash and 10% broker warrants. The Company applied for an extension for the closing of the non-brokered private placement subject to the approval of the TSX Venture Exchange.

Off Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Contingency

A former employee of the Company filed a claim for wrongful dismissal seeking damages aggregating \$135,000. The Company filed a defence and counterclaim denying the claim and counterclaiming for certain losses incurred by the Company. The Company intends to defend the claim vigorously and the outcome of the claim cannot be reasonably estimated at this time.

Critical Accounting Estimates

Accrued liabilities, provisions and contingent consideration - Certain estimates and assumptions that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next fiscal year include accrued liabilities, provisions and contingent consideration. These estimates are based on management's assumptions, based on current circumstances, that management believes are a reasonable basis upon which to estimate the future liabilities. Specifically for provisions, that the amount of the estimate is reliable and that management has determined that there is an expectation that future outflows of assets will be necessary to cover the provided for amounts.

Fair value of intangible assets and goodwill - With respect to intangible assets acquired and goodwill recognized in a business combination, and at subsequent assessment dates, the Company determines fair values using such estimates such as discounts rates, growth rates and terminal growth rates. These estimates take into account any material change to the assumptions that occur when reviewed annually by management.

Risk Factors

The Company is exposed to a number of risks and uncertainties that are common to other companies engaged in the same or similar business. Material risks that could significantly affect the financial condition, operating results or business of the Company are listed below:

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Risks Associated with the Company's Business

Risks Associated with the Company's Limited Operating History and Evolving Business Model

The Company has a limited operating history, especially Imagine Health, and therefore is exposed to the risks, expenses and problems frequently encountered by companies in the early stage of their development. The Company's business model is continuously evolving to adapt to the new and rapidly evolving industries that the Company operates. There are no assurances that the Company's products will gain market acceptance. To date, the Company has not earned operating profits and significant further operating losses are possible. There can be no assurance that the Company will achieve profitability.

Market Acceptance

The success of the Company's products and any new services the Company may launch is dependent upon its ability to attract and retain a critical mass of customers in potentially diverse geographic locations. The sales cycle for a new merchant can be lengthy. Customers may not be willing to invest the time and resources necessary to achieve the necessary education and integration required to successfully deploy the Company's technology.

Key Management Personnel

The Company depends on the services of its key technical, management, sales and marketing personnel. The loss of the services of any of these persons could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified management, technical, sales and marketing personnel. Competition for such personnel can be intense, and the Company cannot provide assurance that it will be able to attract, engage, hire or retain technical, managerial, sales and marketing personnel in the future with the right qualifications, at the times needed, and/or at competitive costs. The Company's inability to attract and retain the necessary management, technical, sales and marketing personnel may adversely affect its future growth and profitability.

Ability to Manage Growth

The Company continuously seeks opportunities to grow its current business by pursuing existing and potential market opportunities, including acquisitions. Such growth may place significant demands on existing management and operational resources. It also creates the need for proper onboarding procedures to ensure smooth integration of the acquired business with existing business and products. In order to manage expected growth effectively, the Company must concurrently develop more sophisticated operational systems, procedures and controls. If the Company fails to develop these systems, procedures or controls on a timely basis, its business, financial condition and operating results could be materially affected in an adverse manner.

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Technology and Development Risk

The Company's approach utilizes technology principally architected and developed by the Company. The Company has also contracted with or identified a number of key suppliers for the various components that comprise the Company's solutions. There can be no assurances that the Company will meet its targeted development or integration timelines such that it will be able to offer solutions at competitive pricing, or that the Company can continue to enhance and improve the responsiveness, functionality and features of its technology and enable the solutions to scale at a reasonable cost. In addition, there is a risk that third parties may have applied for or been granted patents for certain processes or technology which the Company has already deployed or intends to deploy, in which case the Company may incur additional costs or be prohibited from using or implementing certain product features or processes in one or more countries. The Company's solutions incorporate complex technology and software. Accordingly, they may contain errors, or "bugs", that could be detected at any point. Such errors could materially and adversely affect the Company's reputation, resulting in claims and/or significant costs to the Company, and/or cause consumers, merchants, licensees and other parties to abandon the Company's solutions and impair the Company's ability to market and sell solutions and services in the future. The costs incurred in correcting any errors and satisfying any such claims may be substantial and could adversely affect the Company's operating margins. While the Company plans to continually test its solutions for errors and work with customers and merchants through its maintenance support services to identify and correct bugs, errors may be found in the future.

Protection of Intellectual Property

The Company depends on its ability to develop and maintain proprietary aspects of its technology and business methods. It seeks to protect its software, documentation and other written materials under trade secret and copyright law, as well as with confidentiality provisions in contracts with its customers, suppliers, contractors and employees, all of which afford limited protection. It is also seeking to protect its proprietary technology and business methods under patent laws in selected jurisdictions. The Company intends to apply for several trademark registrations.

Despite the measures the Company has taken to protect its intellectual property, there can be no assurance that these steps will be adequate, that the Company will be able to secure patents for all its inventions or trademark registrations for or the rights to use its trademarks, respectively, in Canada, the U.S. or other countries, that third parties will not breach the confidentiality provisions in the Company's contracts or infringe or misappropriate its copyrights, patents, trademarks and other proprietary rights, or that third parties have not already obtained prior rights in one or more jurisdictions to the same or similar trademarks to those of the Company or any other intellectual property sought to be protected by the Company.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company identifies an acquisition opportunity or requires significant access to credit for other reasons. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events may have a material adverse effect on the Company business, operating results, and financial condition.

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Compliance with Complex Domestic and Foreign Laws

The Company is subject to a variety of laws and regulations in Canada and South Korea that involve matters central to its business, including user privacy, data protection, intellectual property, distribution, contracts and other communications, consumer protection, and taxation. Korean laws and regulations may be more restrictive than those in Canada. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry that the Company operates in. Existing and proposed laws and regulations can be and may be costly to comply with and can delay or impede the development of new products, result in negative publicity, increased operating costs, additional time and attention required from management, and subject the Company to claims or other remedies, including fines or demands that the Company modify or cease existing business practices.

The Company may in the future enter into agreements or conduct activities outside of Canada and South Korea, which expansion may present additional complexities in terms of the Company's legal compliance, and adversely affect the results of operations and/or financial condition of the Company.

Litigation

Within the Company's normal course of operation, the Company may become involved in various legal proceedings. Such matter can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results and financial condition. In particular, the Company may face claims relating to the Company's products as the nature of the Company's business exposes it to claims related to intellectual property rights and rights of privacy.

Risks Associated with Additional Financing

The Company may need to raise additional financing. There can be no assurance that the Company will be successful in raising sufficient capital on acceptable terms, if at all. If it is unable to raise capital, it may not be able to execute its business plan or respond to competitive pressures. If the Company is able to raise additional capital, it may be on terms and conditions which result in significant dilution to existing shareholders.

Currency Risk

While the Company is headquartered in Canada and its shares are traded on the TSX Venture Exchange, certain operations may be conducted in Asia, the United States and Europe. As such, the Company's results of operations are subject to fluctuations in currency exchange rates, which may adversely affect the financial position and operating results of the Company.

Disruption of its Information Technology Systems

The Company relies on information technology in virtually all aspects of its business. A significant disruption or failure of its information technology systems could result in service interruptions, security violations, regulatory compliance failures, an inability to protect information and assets against intruders, and other operational difficulties. Attacks perpetrated against its information systems could result in loss of assets and critical information and exposes it to remediation costs and reputational damage. A significant disruption or cyber intrusion could lead to misappropriation of assets or data corruption and could adversely affect its results of operations, financial condition, and liquidity. Additionally, if the Company is unable to acquire or implement new technology, it may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition, and liquidity. Cyber-attacks could further adversely affect the Company's ability to operate information technology and business systems or compromise confidential customer and employee information.

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Other Information

Additional information regarding the Company is available on SEDAR+ at www.sedarplus.ca