CyBeats

Software Made Certain.

CYBEATS TECHNOLOGIES CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025, AND 2024
(Expressed in Canadian Dollars)

Dated May 30, 2025

Management's Discussion and Analysis of Operations

For the three months ended March 31, 2025

This Management's Discussion and Analysis ("MD&A") is prepared as of May 30, 2025 and has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's directors follow recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Caution Regarding Forward Looking Statements

This document contains forward-looking statements, such as statements regarding future sales opportunities in various global regions and financing initiatives that are based on current expectations of management. These statements involve uncertainties and risks, including the Company's ability to obtain and/or access additional financing with acceptable terms, and delays in anticipated product sales. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.

The preparation of the MD&A may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Significant Accounting Policies section of its consolidated financial statements, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Introduction

The following MD&A for the three months ended March 31, 2025, has been prepared to help investors understand the financial performance of Cybeats Technologies Corp. ("the Company" or "Cybeats"), in the broader context of the Company's strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company's performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

All amounts are expressed in Canadian dollars ("CAD") unless otherwise noted.

Additional information about Cybeats Technologies Corp., this document, and the related quarterly financial statements can be viewed on the Company's website at www.cybeats.com and are available on SEDAR at www.sedarplus.com.

The Company's Common Shares are listed and traded on the Canadian Securities Exchange ("CSE"), OTCQB Venture Market, and the Frankfurt exchange under the symbols CYBT, CYBCF and P4T.F, respectively.

Corporate Overview

Cybeats Technologies Corp. is a cybersecurity company at the forefront of software supply chain intelligence and SBOM ("Software Bill of Materials") lifecycle management. Through its comprehensive dual-product platform—*SBOM Studio* and *SBOM Consumer*—Cybeats empowers software producers and consumers to secure, monitor, and comply with increasingly stringent cybersecurity mandates. Unlike traditional SBOM management tools that focus solely on inventory creation, Cybeats provides continuous monitoring, real-time enrichment, and actionable remediation guidance. This end-to-end lifecycle management positions Cybeats as a mission-critical solution for critical infrastructure operators facing mounting regulatory pressure.

A Dual-Suite Product Strategy for Full-Spectrum SBOM Management

SBOM Studio: For Software Producers

SBOM Studio remains Cybeats' flagship offering, designed to support software creators with end-to-end SBOM management, vulnerability monitoring, regulatory compliance, and secure SBOM sharing. Delivered as either a SaaS or self-hosted platform, *SBOM Studio* ensures transparency and operational resilience throughout the software development lifecycle. Recent enhancements include AI-driven SBOM enrichment and the integration of VEX ("Vulnerability Exploitability eXchange") capabilities, enabling enterprise clients to prioritize remediation efforts with precision.

SBOM Studio continues to gain market traction across key sectors. Notably, Emerson Electric Co., a global industrial automation leader, doubled the number of SBOMs managed through Cybeats, marking its second license expansion since becoming a customer. This progression from trial to enterprise-wide deployment exemplifies a broader pattern seen across Cybeats' client base, including other global industrial leaders like Rockwell Automation, Schneider Electric, and Johnson Controls. These wins reinforce Cybeats' growing dominance in industrial control systems ("ICS") and critical infrastructure sectors.

SBOM Consumer: For Software Consumers
Launched commercially in early 2025, SBOM Consumer expands Cybeats' reach beyond software producers to software-consuming organizations. It delivers enterprise-wide asset-level visibility, allowing companies to continuously monitor software risks across third-party applications, connected devices, and embedded components. SBOM Consumer addresses a long-standing blind spot in cybersecurity: organizations' limited visibility into the software embedded in devices they use—but do not build.

In April 2025, Cybeats announced expanded SBOM Consumer capabilities, enabling full integration with enterprise asset management systems. This empowers security teams to link SBOMs directly to digital or physical assets, monitor them in real time, and operationalize remediation and procurement decisions. It represents a paradigm shift for OT and IT teams managing sprawling infrastructure environments.

Early adoption from major industry players like Orange S.A. and a U.S. defense agency showcases the growing demand for SBOM-driven asset intelligence. This new product line expands Cybeats' total addressable market into highly regulated sectors such as telecom, healthcare, energy, finance, and national security.

Strategic Positioning Amid Rising Demand

The SBOM market is expanding rapidly in response to escalating software supply chain threats and intensifying regulatory mandates, including:

- Executive Order 14028 (U.S.) requiring SBOMs for all federal software suppliers,
- FDA regulations mandating SBOMs for medical device submissions,
- EU Cyber Resilience Act (CRA), and
- NIS2 and DORA regulations for operational technology in Europe.

Cybeats is uniquely positioned to capitalize on this regulatory tailwind with an integrated product platform that delivers:

- Real-time vulnerability monitoring (e.g., Log4J, ESP32 Bluetooth backdoor),
- Continuous SBOM enrichment and validation,
- Automated compliance workflows,
- Third-party software risk management at both code and device levels,
- Secure and scalable SBOM distribution.

The Company's client roster includes leaders in industrial automation, telecom, healthcare, and defense. With commercial contracts from three of the top seven global ICS vendors by revenue, and ongoing product deployments across multinational enterprises, Cybeats has demonstrated a compelling land-and-expand growth model.

Cybeats reported a 148% net revenue retention rate, highlighting strong customer loyalty and deepening adoption. The Company is actively investing in product innovation, expanding market reach, and building partnerships with global integrators, including resellers such as Capyx in the EU, to support continued revenue growth and strategic expansion.

Cybeats went public via RTO in November 2022 and completed a convertible debenture financing for gross proceeds of over $2 million on January 25, 2024, an equity financing for gross proceeds of over $2.4 million on April 12, 2024, and the first tranche of its equity financing for gross proceeds of $1.7 million on November 29, 2024. Cybeats subsequent to year end closed on its final tranche non-brokered equity financing for gross proceeds of $348,460 on February 5, 2025.

Funding & Liquidity

The Company's operations to date have been primarily financed by issuing common shares and convertible debentures. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. The Company completed a convertible debenture financing for gross proceeds of over $2 million on January 25, 2024, an equity financing for gross proceeds of over $2.4 million on April 12, 2024, and the first tranche of its equity financing on November 29, 2024, with gross proceeds of $1.7 million. In the first quarter of 2025 the Company closed its final tranche equity financing for gross proceeds of $348,460 on February 5, 2025. The Company will need to continue to raise money through equity and debt financing to fund the growth and operations of the business.

Selected Annual Information

The following table sets forth selected financial information for Cybeats Technologies Corp. for the three months ended March 31, 2025, and 2024. This information has been derived from the Company's financial statements for the years and should be read in conjunction with financial statement and the notes thereto.

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Income	681,128	482,756
Expenses	1,866,230	3,206,340
Loss for the year	(1,177,268)	(2,721,047)
Loss per share	(0.01)	(0.02)
Total assets	554,642	2,984,779
Total Liabilities	7,362,485	6,648,063
Working capital	(4,867,090)	(2,064,360)

The following table sets forth selected financial information for Cybeats Technologies Corp. for the years ended December 31, 2024, 2023, and 2022. This information has been derived from the Company's financial statements for the periods indicated and should be read in conjunction with audited financial statements and the notes thereto.

		Year Ended 31-Dec-24		Year Ended 31-Dec-23		Year Ended 31-Dec-22
Loss before non-operating income	$	9,563,390	$	10,337,612	$	20,176,137
Loss before income taxes		9,563,390		10,337,612		20,176,137
Loss per common share, basic and diluted		0.08		0.11		0.58
Net and comprehensive loss		9,563,390		10,337,612		20,176,137
Net Loss per Common Share, Basic and Diluted		0.08		0.11		0.33
Weighted average number of shares outstanding		114,933,572		97,731,924		21,705,605
Financial Position						
Total assets		2,025,067		1,863,083		1,124,805
Net working capital		(3,963,690)		(2,998,135)		(2,168,801)

For the three months ended March 31, 2025, and 2024

The schedule below presents the year-ended statement of earnings to highlight the non-recurring items. The earnings (loss) for the three-month period ended March 31, 2025, is ($1,177,268) and in 2024, was ($2,721,047).

		March 31, 2025		March 31, 2024		Variance
Revenue						
Sales	**$**	**643,874**	$	482,756	$	161,118
Interest and other		**37,254**		-		37,254
Total Revenues		**681,128**		482,756		198,372
Expenses						
Advertising and promotion		**99,861**		399,334		(299,473)
Computer and software		**49,095**		93,046		(43,951)
Depreciation		**1,157**		26,542		(25,385)
Filing Fees		**23,973**		23,451		522
Insurance		**13,386**		-		13,386
Interest and accretion		**115,886**		224,222		(108,336)
Meals and entertainment		**1,716**		5,906		(4,190)
Office and general		**3,050**		1,437		1,613
Product development		**236,616**		240,542		(3,926)
Professional fees		**2,106**		78,526		(76,420)
Rent		**-**		646		(646)
Repairs and maintenance		**-**		280		(280)
Salary and wages		**1,230,867**		1,292,699		(61,832)
Share-based compensation		**-**		440,394		(440,394)
Shareholder communications and marketing		**82,382**		340,484		(258,102)
Travel expense		**6,134**		38,832		(32,698)
Total Expenses		**1,866,230**		3,206,340		(1,340,110)
Net loss before share-based compensation		**(1,185,102)**		(2,723,584)		1,538,482
Gain/loss on foreign exchange		**1,459**		(2,537)		3,996
Non-cash - Debt forgiveness		**(58,967)**		-		(58,967)
Non-cash - Loss on foreign currency exchange		**49,674**		-		49,674
Net earnings (loss) and comprehensive income (loss)		**(1,177,268)**		(2,721,047)		1,543,779

- Sales revenue comprises of revenues earned through the commercialization of Cybeats' SBOM Studio platform, this increased from the new customers of Cybeats SBOM Studio.

- Advertising and promotion relate to strategic planning and advertising campaigns to promote the Cybeats brand as well as its' product offering. These decreased from prior year due to cost cutting initiatives.
- Computer and software expenses decreased due to prior-year investments and ongoing cost cutting initiatives.
- Depreciation expenses include lease agreements of the office spaces which are marked as right-of-use which are lower in the current period due to the end of the lease term.
- Filing fees include listing and transfer fees incurred as the Company is publicly listed. The remained relatively consistent compared to prior year.
- Insurance expense increased due to the need for expanding coverage for cyber and professional liability as Cybeats grows its commercial activities.
- Interest expense decreased due to a reduction in the number of interest-bearing loans taken on by the company during the period.
- Meals and entertainment expenses included expenditures associated with holding networking and attending industry-leading conferences to boost Cybeats' commercial presence in the prior period.
- Office and general expenses increased during the quarter, primarily due to higher shipment and delivery costs for sales conferences.
- Product development expenses relate to further development of the SBOM Studio platform including feature developments. These expenses remained relatively consistent with prior year.
- Professional fees decreased compared to prior period due to higher fees from the private placement in the prior year.
- Salaries and wages decreased slightly due to the higher costs associated with the Cybeats platform development including testing and general repair and upkeep as well as preventative maintenance in the prior year.
- Share-based compensation (non-cash expense) includes costs associated with the issuance of options for key employees and consultants
- Shareholder communications and marketing costs include investor relations and are incurred to bring awareness of the Cybeats brand which decreased from prior year due to cost cutting initiatives.
- Travel expenses include costs for employee travel to various conferences and seminars, these costs assist in increasing brand awareness of the commercial activities for Cybeats. These decreased from prior year as the mix in conferences changed from prior year.

Summary of Quarterly Results

The following table is a summary of selected unaudited financial information for the eight most recent fiscal quarters.

Quarter ended	Income	Net income	Net income
March 31, 2025	**681,128**	**(1,177,268)**	**(0.01)**
December 31, 2024	510,737	(2,745,778)	(0.02)
September 30, 2024	514,158	(1,835,033)	(0.01)
June 30, 2024	488,806	(2,261,532)	(0.02)
March 31, 2024	429,243	(2,721,047)	(0.02)
December 31, 2023	409,050	(3,269,146)	(0.03)
September 30, 2023	316,936	(2,208,892)	(0.03)
June 30, 2023	228,744	(3,653,028)	(0.04)

As the Company is continuing to expand its revenue from multinational clients for multi-year contracts, the costs related to fulfillment and sales increased during the quarter as well as product related costs to implement *SBOM Studio*. These specific costs are expected to decrease as the company scales to more efficient processes.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, Corporate Officers, and Vice Presidents.

Scryb is a non-controlling related party of Cybeats as it owns 48.6% of the common shares of Cybeats. Scryb has, from time to time, between November 2023 and March 2025 loaned funds to Cybeats for a total aggregate amount of $1,338,833 (the "Scryb Loan"). The Scryb Loan, together with interest at 10% per annum, is due and payable by Cybeats on October 14, 2025.

In addition to the above, Scryb and Cybeats completed a debt reorganization on January 31, 2025 where Scryb assumed $614,116 of debt (the "Assumed Debt") owing from Cybeats to 2013025 Ontario Inc. (a company controlled by a director of Scryb). In exchange for the assumption of debt, Cybeats issued a promissory note to Scryb for the same amount of the Assumed Debt. The principal owing under the promissory note, together with interest at 10% per annum, is due and payable by Cybeats on October 14, 2025.

The above loan arrangements between Scryb and Cybeats is secured by way of a general security agreement.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of the Company.

Critical Accounting Policies and Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

I. Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Useful life of intangible assets

Management has exercised their judgment in determining the useful life of its patents, patent applications and software license. The estimate is based on the expected period of benefit of the patent and the expected life of the product in the marketplace.

II. Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Evaluation of going concern

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company.

Impairment of intangible assets

Management has exercised their judgment in determining if the intangible assets are impaired. The judgment is based on management's ability to assess for indicators of impairment.

Income taxes

Management has exercised their judgment in determining the provision for future income taxes. The judgment is based on the Company's current understanding of the tax law as it relates to the transactions and activities entered into by the Company.

Control

The Company uses judgement when assessing if the Company controls an investee, which includes the assessment of whether it holds power over the relevant activities, is exposed to variable returns and has the ability to use that power to affect those variable returns.

Research vs. Development Stage

The Company uses judgement when assessing if the Company has achieved development stage activities with its internally generated intangible assets.

Risks and Uncertainties

Cybersecurity Risks

Security incidents could result in unauthorized access to, the loss of, or unauthorized disclosure of information. Although the Company has security systems in place and what the Company deems sufficient security around the Company's systems to prevent unauthorized access, the Company must ensure that we continually enhance security and fraud protection within our websites and merchant platform, and if the Company is unable to do so the Company may become subject to liability for privacy breaches or consequences that result from any unanticipated incident. As a result of advances in computer capabilities, new discoveries in the field of cryptography or other developments, a compromise or breach of our security precautions may occur. The techniques used to obtain unauthorized, improper or illegal access to our systems, our data or the Company's customers' data and to sabotage our system are constantly evolving and may be difficult to detect quickly.

An information breach in the Company's systems and loss of confidential information such as credit card numbers and related information, or interruption in the operation of the Company's apps, could have a longer and more significant impact on our business operations than a software failure. A compromise in the Company's security system could severely harm the Company's business by the loss of the Company's customers' confidence in the Company and thus the loss of their business. The Company may be required to spend significant funds and other resources to protect against the threat of security breaches or to alleviate problems caused by these breaches. However, protection may not be available at a reasonable price, or at all. Any failure to adequately comply with necessary protective measures could result in fees, penalties and/or litigation. Concerns regarding the security of e-commerce and the privacy of users may also inhibit the growth of the Internet as a means of conducting commercial Amalgamations. This may result in a reduction in revenues and increase the Company's operating expenses, which would prevent the Company from achieving profitability. Security incidents could result in unauthorized access to, the loss of, or unauthorized disclosure of such information.

Market and Economy Risks

Tariffs

As a Software-as-a-Service (SaaS) company, the operations are not directly impacted by tariffs or trade duties, as the Company does not manufacture or distribute physical goods. However, the Company remains indirectly exposed to global trade tensions and tariff regimes that may affect customers, partners, or suppliers, particularly those in hardware, infrastructure, or regulated industries.

For example, increased costs or disruptions in hardware supply chains (e.g., servers, networking equipment, or IoT devices) due to international tariffs may reduce capital spending or delay deployment timelines for customers that rely on the Company's platform. Additionally, broader macroeconomic impacts of trade disputes could lead to reduced technology investment or slower adoption of cloud-based solutions in certain markets.

The Company does not anticipate material direct effects from tariffs at this time, we continue to monitor international trade developments and their potential implications for our ecosystem and customer base.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility and access to financial markets has been severely restricted. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the value and the price of the Company Shares could continue to be adversely affected.

Uncertainty and adverse changes in the economy

Adverse changes in the economy could negatively impact the Company's business. Future economic distress may result in a decrease in demand for the Company's products, which could have a material adverse impact on the Company's operating results and financial condition. Uncertainty and adverse changes in the economy could also increase costs associated with developing and publishing products, increase the cost and decrease the availability of sources of financing, and increase the Company's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of the Company.

Currency Fluctuations

Due to the Company's present operations in Canada, and its intention to continue future operations outside Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. The Company's revenue will be earned in US dollars, but a portion of its operating expenses may be incurred in foreign currencies. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the Canadian dollar and foreign currencies may have a material adverse effect on the Company's business, financial position or results of operations.

General Regulatory and Legal Risks

Government Regulations

If the Company commences operations as currently proposed it will be subject to various regulations in the jurisdiction in which it chooses to operate. Additionally, Government approval, permits and certifications are currently required, and may in the future, be required for the Company's operations. If such approval is not obtained, the Company's business may be curtailed or prohibited until such approval is granted. Furthermore, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions and may require the Company to compensate those suffering from loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulatory Risks
The activities of the Company will be subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, changes in regulations, changes in the enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Conflicts of Interest
Because directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other companies, the directors and officers of the Company may have a conflict of interest in conducting their duties. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In certain cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Executive officers and directors may have rights to indemnification including directors' and officers' liability insurance that will survive consummation of their agreements.

Security Risks

Theft

The business premises of the Company's operating locations may be targeted to break-ins, robberies and other breaches in security. If there was a breach in security and the Company fell victim to a robbery or theft the loss of products and equipment could have a material adverse impact on the business, financial condition and results of operations of the Company. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing the Company's products.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

General Business Risks

Operational Risks

The Company will be affected by a number of operational risks and the Company may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's technologies, personal injury or death, environmental damage, adverse impacts on the Company's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition.

Insurance and Uninsured Risks

The Company's business is subject to several risks and hazards including accidents, labour disputes and changes in the regulatory environment. To protect against certain risks, the Company will continue to maintain insurance at a level to mitigate these risks including product liability insurance. However, in some cases the Company may not be able to cover these risks at economically feasible premiums resulting in potential liabilities. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its business.

Limited Operating History

The Company has a limited operating history on which to base an evaluation of its respective business, financial performance, and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage, its revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. In addition, it is also difficult to evaluate the viability of the Company's technology because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business prospects, financial condition and results of operations.

Substantial Capital Requirements and Liquidity
Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Current financial conditions, revenues, taxes, capital expenditures and operating expenses are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

History of Losses
The Company on a consolidated basis has incurred losses to date as it is in the early stages of growth. The Company may not be able to achieve profitability soon and will continue to incur losses. Furthermore, the Company expects to continue to increase operating expenses as it implements initiatives to establish and grow the business.

The Company Operates in New and Evolving Markets
The Company's services are sold in new and rapidly evolving markets. The cybersecurity industry is in the early stages of its life cycle. Accordingly, the Company's business and future prospects may be difficult to evaluate. The Company cannot accurately predict the extent to which demand for its services or products or the cybersecurity market in general will increase, or if at all. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact the Company's ability to do the following:

- Generate sufficient revenue to maintain profitability;
- Acquire and maintain market share;
- Achieve or manage growth in operations;
- Develop and renew contracts;
- Attract and retain highly-qualified personnel;
- Adapt to new or changing policies and spending priorities of governments and government agencies; and
- Access additional capital when required and on reasonable terms.

If the Company fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations and financial condition would be materially harmed.

Substantial Capital Requirements
Management of the Company anticipates that they may make substantial capital expenditures for the acquisition, exploration, development and production of its business in the future. They may have limited ability to raise the capital necessary to undertake or complete future development work. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain business opportunities, miss certain acquisition opportunities and reduce or terminate operations.

Management of Growth
The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Growth and Consolidation in the Industry

Acquisitions or other consolidating Amalgamations could have adverse effects on the Company. The Company could lose strategic relationships if its partners are acquired by or enter into agreements with a competitor, causing the Company to lose access to distribution, content and other resources. The relationships between the Company and its strategic partners may deteriorate and cause an adverse effect on the business. The Company could lose customers if competitors or user of competing technology consolidate with the Company's current or potential customers. Furthermore, the Company's current competitors could become larger players in the market or new competitors could form from consolidations. Any of the foregoing events could put the Company at a competitive disadvantage, which could cause the Company to lose customers revenue, and market share. Consolidation in the industry could also force the Company to divert greater resources to meet new or additional competitive threats, which could harm the Company's operating results.

Risks Associated with Acquisitions
As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Costs of being a Reporting Issuer

As a reporting issuer, the Company is subject to the reporting requirements and rules and regulations under applicable Canadian securities laws and rules of the CSE. Additional or new regulatory requirements may be adopted in the future, requiring compliance by the Company. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting, and financial compliance costs, make some activities more difficult, time consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

Once listed, the Company will be subject to reporting and other obligations under applicable Canadian securities laws including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, which requires annual management assessment of the effectiveness of the Company's internal controls over financial reporting. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for the Company to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. These reporting and other obligations place significant demands on the Company as well as on the Company's management, administrative, operational, and accounting resources. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations, or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's Shares.

Difficulty to Forecast

The Company will in most cases rely on internal market research and forecast of sales combined with third-party cybersecurity forecasts. However, given the early stage of the Company and the cybersecurity industry, forecasts are subject to significant uncertainty. A failure in the demand for the Company's products because of competition, regulatory, and technological change may have a material adverse effect on the business.

Liquidity

The current working capital deficiency position casts doubt as to its ability to continue as a going concern. The Company has limited financial resources, limited sources of operating cash flow and no assurance that additional financing will be available for further development of its projects. The Company has been successful in the past in obtaining financing through equity; however, there is no assurance that the Company will succeed in arranging all necessary financing in the future or on terms satisfactory to the Company. Based on the cash position on hand as at the date of this MD&A and expected cash flow requirements of the Company for the next twelve months, management believes that the Company will require additional funds to meet its present operational commitments and working capital needs.

Competition
The Company faces competition, and new competitors will continue to emerge globally. Future products offered by the Company's competitors may take a larger market share than anticipated, which could cause revenue generated from the Company's products and services to fall below expectations. It is expected that competition in these markets will intensify. If competitors of the Company develop and market more successful products or services, offer competitive products or services at lower price points, or if the Company does not produce consistently high-quality and well-received products and services, revenues, margins, and profitability of the Company could decline.

The Company's ability to compete effectively will depend on, among other things, the Company's pricing of services and equipment, quality of customer service, development of new and enhanced products and services in response to customer demands and changing technology, reach and quality of sales and distribution channels and capital resources. Competition could lead to a reduction in the rate at which the Company adds new customers, a decrease in the size of the Company's market share and a decline in its customers. Examples include but are not limited to competition from other companies in the same industry as the Company.

Intellectual Property
The Company relies primarily on trademarks, copyrights and trade secrets, as well as license agreements and other contractual provisions, to protect the Company's intellectual property and other proprietary rights. Existing legal standards relating to the validity, enforceability and scope of protection of intellectual property rights offer only limited protection, may not provide the Company with any competitive advantages, and may be challenged by third parties. Accordingly, despite its efforts, the Company may be unable to prevent third parties from infringing upon or misappropriating its intellectual property or otherwise gaining access to the Company's technology. Unauthorized third parties may try to copy or reverse engineer the Company's products or portions of its products or otherwise obtain and use the Company's intellectual property. Moreover, many of the Company's employees have access to the Company's trade secrets and other intellectual property. If one or more of these employees leave to work for one of the Company's competitors, they may disseminate this proprietary information, which may as a result damage the Company's competitive position. If the Company fails to protect its intellectual property and other proprietary rights, then the Company's business, results of operations or financial condition could be materially harmed. From time to time, the Company may have to initiate lawsuits to protect its intellectual property and other proprietary rights. Pursuing these claims is time consuming and expensive and could adversely impact the Company's results of operations.

In addition, affirmatively defending the Company's intellectual property rights and investigating whether the Company is pursuing a product or service development that may violate the rights of others may entail significant expense. Any of the Company's intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. If the Company resorts to legal proceedings to enforce its intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, then the proceedings could result in significant expense to the Company and divert the attention and efforts of the Company's management and technical employees, even if the Company prevails.

The Company’s Trade Secrets May Be Difficult to Protect
The Company’s success depends upon the skills, knowledge, and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensors and contractors. Because the Company operates in a highly competitive industry, the Company relies in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. The Company may enter into confidentiality or nondisclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors, which would require that the receiving party keep confidential and not disclose to third parties’ confidential information developed by the receiving party or made known to the receiving party during the course of the receiving party’s relationship with the Company. These agreements would also generally provide that inventions conceived by the receiving party in the course of rendering services to the Company will be the Company’s exclusive property, and the Company enters into assignment agreements to perfect its rights. These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to the Company. The Company’s trade secrets also could be independently discovered by competitors, in which case the Company would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using its trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. In addition, courts outside the United States and Canada may be less willing to protect trade secrets. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Company’s competitive position.

Reliance on Management and Key Personnel
Due to the technical nature of the Company’s business, the loss of important staff members represents a risk. The Company aims to maintain a good standing with all high level and critical employees, contractors and consultants. The success of the Company will depend on the ability, judgement, discretion and expertise of its personnel. Any loss of services by key individuals could have a material adverse effect on the Company’s business. There can be no assurance that any of the Company’s consultants will remain with the Company or that, in the future, they will not organize competitive businesses or accept opportunities with companies competitive with the Company.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants
The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and state healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Product Viability
If the products the Company sells are not perceived to have the effects intended by the end user, its business may suffer. Many of the Company's products contain innovative technologies. There is little long-term data with respect to overall security coverage of the product. As a result, the Company's products could not have the security coverage or intended effect that the customer wanted. This may have a material adverse impact on the sales of the Company.

Product Liability
The Company will be distributing products that will be a security asset for their clients and thus faces risks associated with product liability claims, regulatory action and litigation if the products are alleged to cause injury or loss. Product liability claims may include, among others, inadequate warnings for potential security breaches. Maintaining product liability insurance on acceptable terms may not be economically feasible to provide adequate coverage for all potential risks. Regulatory or liability action against the Company could have a material adverse effect on the business.

Constraints on Marketing Products
The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and results of operations could be adversely affected.

Availability of Key Suppliers
The Company reliant upon certain key suppliers and partners for products, components or services and no assurances can be given that we will not experience delays or other difficulties in obtaining the same, as a result of trade disputes or other matters. Although the Company believes there are alternative suppliers for most key requirements, if current suppliers and partners are unable to provide the necessary products, components or services or otherwise fail to timely deliver products, components or services in the quantities or manners required, any resulting delays in the manufacture or distribution of existing products, or the provision of services, could have a material adverse effect on our results of operations and financial condition. Further, unusual supply disruptions, such as disruptions caused by natural disasters or pandemics, could cause suppliers and partners to invoke "force majeure" clauses in their agreements, causing shortages of material or the loss of certain services. In certain circumstances, success in offsetting higher material costs with price increases is largely influenced by competitive and economic conditions and could vary significantly. If unable to fully offset the effects of material availability and costs, financial results could be adversely affected. Although the Company may sometimes be able to pass such price increases to our customers, significant variations in the cost of raw materials can affect our operating results from period to period.

The Company also relies on certain software that it licenses from third parties. There can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses could result in delays or reductions in product and service deployment until equivalent software can be developed, identified, licensed and integrated, which could substantially and adversely affect the Company 's business, results of operations and financial condition.

Effectiveness and Efficiency of Advertising and Promotional Expenditures
The Company's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including its ability to (i) create greater awareness of its products; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Company's technologies or services. In addition, no assurance can be given that the Company will be able to manage its advertising and promotional expenditures on a cost-effective basis.

Website Accessibility
Internet websites are visible by people everywhere, not just in jurisdictions where the activities described therein are considered legal. As a result, to the extent the Company sells services or products via web-based links targeting only jurisdictions in which such sales or services are compliant with law, the Company may face legal action in other jurisdictions which are not the intended object of any of the Company's marketing efforts for engaging in any web-based activity that results in sales into such jurisdictions deemed illegal under applicable laws.

Third-party Intellectual Property Infringement

The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents and other intellectual property rights. Third parties have in the past asserted, and may in the future assert, that our platform, solutions, technology, methods or practices infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. Such claims may be made by our competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, non-practicing entities have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like the Company. The risk of claims may increase as the number of solutions that the Company offers and competitors in the market increases and overlaps occur. In addition, to the extent that the Company gains greater visibility and market exposure, the Company faces a higher risk of being the subject of intellectual property infringement claims. The Company currently holds no patents on its IoT product as it has trade secrets which is the industry norm to not disclose critical details to hackers. Cybeats has no patents on SBOM but plans to file in the near term.

Third-Party Dependence

The Company relies heavily on third parties to provide some of its services. If these third parties were unable or unwilling to provide these goods and services in the future due to COVID-19 or other events that cause an anomalous in supply or demand of such services, the Company would need to obtain such services from other providers if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until these services are replaced if possible.

Data Centre Disruption

Data centers are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. Any of these events could result in lengthy interruptions in the Company's services. Changes in law or regulations applicable to data centers in various jurisdictions could also cause a disruption in service. Interruptions in the Company's services would reduce revenue, subjecting the Company to potential liability and adversely affecting the Company's ability to retain its customers or attract new customers. The performance, reliability and availability of the Company's platform is critical to its reputation and its ability to attract and retain merchants. Customers could share information about bad experiences on social media, which could result in damage to the Company's reputation and loss of future sales. The property and business interruption insurance coverage the Company carries may not be adequate to compensate it fully for losses that may occur.

Security Breaches, Software Errors or Bugs

Software, such as the Company's, often contains errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, the Company's platform may contain serious errors or defects, security vulnerabilities or software bugs that it may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to its reputation and brand, any of which could have an adverse effect on its business, financial condition and results of operations. Furthermore, the Company's platform is a multi-tenant cloud-based system that allows the Company's to deploy new versions and enhancements to all of its customers simultaneously. To the extent the Company deploys new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all of its customers simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of its merchants.

International Business Risk

The Company's business is susceptible to risks associated with international sales and the use of its platform in various countries. The Company's international sales and the use of its platform in various countries subject the Company to risks that it does not generally face with respect to domestic sales within North America. These risks include, but are not limited to:

- Lack of familiarity and burdens and complexity involved with complying with multiple, conflicting and changing foreign laws, standards, regulatory requirements, tariffs, export controls and other barriers;
- Greater difficulty in enforcing contracts, including the Company's universal terms of service and other agreements;
- Difficulties in ensuring compliance with countries' multiple, conflicting and changing international trade, customs and sanctions laws;
- Data privacy laws which may require that merchant and customer data be stored and processed in a designated territory;
- Difficulties in managing systems integrators and technology partners;
- Differing technology standards;
- Potentially adverse tax consequences, including the complexities of foreign value added tax (or other tax) systems and restrictions on the repatriation of earnings;
- Uncertain political and economic climates;
- Currency exchange rates;
- Reduced or uncertain protection for intellectual property rights in some countries; and
- New and different sources of competition.

These factors may cause the Company's international costs of doing business to exceed its comparable domestic costs and may also require significant management attention and financial resources. Any negative impact from the Company's international business efforts could adversely affect its business, results of operations and financial condition.

Defects or Disruptions in Technology Platforms
Defects or disruptions in the technology platforms and network infrastructure the Company relies on could materially harm the Company's business and operating results. The Company's operations are dependent upon its ability to protect its computer equipment and stored information against damage that may be caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, and other similar events. Although the Company has redundant and back-up systems for some of Company's solutions and services, these systems may be insufficient or may fail and result in a disruption of availability of the Company's solutions or services. The Company also relies on third-party Internet providers and developers, and such third parties and their technology platforms, services and operations may also be vulnerable to similar defects and disruptions, which could in turn affect the Company's operations. Any disruption to the Company's services could impair the Company's reputation and cause it to lose partners, customers or revenue, or face litigation, necessitate service or repair work that would involve substantial costs and distract management from operating the business. The Company may not be indemnified by third parties for any disruptions to our services that are outside of our direct control.

Privacy Laws
The Company is subject to federal, state, provincial and foreign laws regarding privacy and protection of data. Some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Any failure by the Company to comply with privacy related laws and regulations could result in proceedings against the Company by governmental authorities or others, which could harm the Company's business. In addition, the interpretation of data protection laws, and their application is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from province to province, state to state, country to country or region to region, and in a manner that is not consistent with the Company's current data protection practices. Complying with these varying requirements could cause the Company to incur additional costs and change the Company's business practices. Further, any failure by the Company to adequately protect partner or consumer data could result in a loss of confidence in the Company's platform which could adversely affect its business.

Current and Future Competitors
The Company faces competition in various aspects of its business, and it expects such competition to grow in the future. The Company has competitors with longer operating histories, larger customer bases, greater brand recognition, greater experience and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than it does. As a result, its potential competitors may be able to develop products and services better received by merchants or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, some of the Company's larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause the Company to lose potential sales or to sell its solutions at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into its market segments or geographic markets. For instance, certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against the Company in areas where it operates. Further, current and future competitors could choose to offer a different pricing model or to undercut prices in an effort to increase their market share. If the Company cannot compete successfully against current and future competitors, its business, results of operations and financial condition could be negatively impacted.

Changes in Effective Tax Rates

With sales in various countries, the Company is subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes the Company pays in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have an adverse impact on our liquidity and results of operations.

In addition, the authorities in Canada and other jurisdictions could review the Company's tax returns and impose additional tax, interest and penalties, which could have an impact on the Company and its results of operations. The Company has previously participated in government programs with both the Canadian federal government and the Government of Ontario that provide investment tax credits based upon qualifying research and development expenditures. If Canadian taxation authorities successfully challenge such expenses or the correctness of such income tax credits claimed, the Company's historical operating results could be adversely affected. As a public company, the Company will no longer be eligible for refundable tax credits under the Canadian federal Scientific Research and Experimental Development Program, or SR&ED credits.

The Company's future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- Changes in the valuation of our deferred tax assets and liabilities;
- Expected timing and amount of the release of any tax valuation allowances;
- Tax effects of stock-based compensation;
- Costs related to intercompany restructurings;
- Changes in tax laws, regulations or interpretations thereof; or
- Future earnings being lower than anticipated in countries where the Company has lower statutory tax rates and higher than anticipated earnings in countries where it has higher statutory tax rates.

If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length. While the Company believes that it operates in compliance with applicable transfer pricing laws and intend to continue to do so, its transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge the Company's transfer prices as not reflecting arm's length Amalgamations, they could require the Company to adjust our transfer prices and thereby reallocate its income to reflect these revised transfer prices, which could result in a higher tax liability to the Company.

Risks Related to the Company's Securities

Market for Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company Shares will be affected by such volatility. An active public market for the Company Shares might not develop or be sustained after the completion of the Preliminary Prospectus. If an active public market for the Company Shares does not develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

Price may not Represent Performance or Intrinsic Fair Value

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability of the attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Subordinate Voting Shares on the CSE in the future cannot be predicted.

Securities or Industry Analysts

The trading market for the Company Shares could be influenced by research and reports that industry and/or securities analysts may publish about the Company, its business, the market or its competitors. The Company does not have any control over these analysts and cannot assure that such analysts will cover the Company or provide favourable coverage. If any of the analysts who may cover the Company's business change their recommendation regarding the Company's stock adversely, or provide more favourable relative recommendations about its competitors, the stock price would likely decline. If any analysts who may cover the Company's business were to cease coverage or fail to regularly publish reports on the Company, it could lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline.

Resale of Shares

There can be no assurance that the publicly-traded market price of the Company Shares will be high enough to create a positive return for the existing investors. Further, there can be no assurance that the Company Shares will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such an event, the probability of resale of the Company Shares would be diminished.

As well, the continued operation of the Company may be dependent upon its ability to procure additional financing in the short term and to generate operating revenues in the longer term. There can be no assurance that any such financing can be obtained or that revenues can be generated. If the Company is unable to obtain such additional financing or generate such revenues, investors may be unable to sell their Company Shares and any investment in the Company may be lost.

Price Volatility

Securities of technology companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performances or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Other factors unrelated to the Company's performance that may affect the price of the Company Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Company Shares may affect an investor's ability to trade significant numbers of shares; the size of the Company's public float may limit the ability of some institutions to invest in the Subordinate Voting Shares; and a substantial decline in the price of the Company Shares that persists for a significant period of time could cause the Company Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Company Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The transparency and availability of trading prices and the liquidity of the Company Shares. The market price of the Company Shares is affected by many other variables which are not directly related to the Company's success and are, therefore, not within the Company's control. These include other developments that affect the market for all technology sector securities, the breadth of the public market for Company Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Company Shares is expected to make the price of the Company Shares volatile in the future, which may result in losses to investors.

Dilution

The Company will require additional funds for its planned activities. If the Company raises additional funding by issuing equity securities, which is highly likely, such financing could substantially dilute the interests of the Company's shareholders. Sales of substantial amounts of shares, or the availability of securities for sale, could adversely affect the prevailing market prices for the Company's shares. A decline in the market prices of the Company's shares could impair the ability of the Company to raise additional capital through the sale of new common shares should the Company desire to do so.

Dividends

To date, the Company has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its Board on the basis of its earnings, financial requirements and other conditions. There is no assurance that the Company will pay dividends on its shares in the near future or ever. The Company will likely require all its funds to further the development of its business.

CSE Listing
In the future, the Company may fail to meet the continued listing requirements to be listed on the CSE. If the CSE delists the Company Shares from trading on its exchange, the Company could face significant material adverse consequences, including: a limited availability of market quotations; a limited amount of news and analysts' coverage for the Company; and a decreased ability to issue additional securities or obtain additional financing in the future.

International Conflict
International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global energy and financial markets.

Recent disruptions in international trade relations with the U.S., and the potential introduction of tariffs on digital goods and services, present a risk. While current tariffs are limited to physical goods and do not directly impact the Company, broader economic fallout from these disputes could negatively influence customer purchasing decisions and investor sentiment.

Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices and global economies more broadly. Volatility in commodity prices may adversely affect our business, financial condition and results of operations. Reductions in commodity prices may affect oil and natural gas activity levels and therefore adversely affect the demand for, or price of, our services.

The extent and duration of the current Russian-Ukrainian conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified herein. The situation is rapidly changing and unforeseeable impacts, including on our shareholders and counterparties on which we rely and transact with, may materialize and may have an adverse effect on our business, results of operation and financial condition.

Disclosure Controls and Procedures & Internal Controls over Financial Reporting

In accordance with the Canadian Securities Administrators National Instrument 52-109 ("NI 52-109"), Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

The Company continues to review and document its disclosure controls and procedures and internal controls over financial reporting and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. There were no changes in the Company's internal controls over financial reporting during the period ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, its disclosure controls and procedures and internal controls over financial reporting.

Share Data
As at March 31, 2025, there were 131,079,697 common shares issued and outstanding, 66,763,903 warrants and 27,280,000 options outstanding.

As at May 30, 2025, were 131,079,697 common shares issued and outstanding, 27,885,903 warrants and 27,280,000 options outstanding.

"Justin Leger"
Chief Executive Officer
May 30, 2025