Integrated Cyber Solutions, LLC

Management's Discussion and Analysis

for the Second quarter ended December 31, 2024

Prepared as of February 28, 2025

ABOUT THIS MD&A

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of Integrated Cyber Solutions, LLC. (the "**Company**") should be read in conjunction with the Company's audited consolidated financial statements for the period from July 1,2023 to June 30, 2024, and the accompanying notes thereto (the "**Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A has been prepared as of February 28, 2025, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**" or "**FLS**"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS.

The Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements.

DESCRIPTION OF BUSINESS

Integrated Cyber, LLC (ICS) was organized in the state of Connecticut in November 2016. The Company's operational address is One Stiles Rd Suite 105 Salem, NH 03079

Integrated Cyber delivers cybersecurity managed services to the Small-to-Medium Business (SMB) and Small-to-Medium Enterprise (SME) segments, integrating best-in-class capabilities from multiple third-party cybersecurity providers. By providing cybersecurity as a 'managed service,' they are able to continuously evolve services as technology (and providers) evolve, thus future-proofing their customer's investment in the company. In addition to providing key cybersecurity services, Integrated Cyber correlates information across multiple siloed platforms in their customers' environments to help them better understand and manage their environments with simple, understandable and actionable insights. The Company emphasizes the human side of cybersecurity management, simplifying cyber concepts, and focusing on the critical role employee behavior plays in a company's cyber defenses.

COMPLETED TRANSACTIONS

On May 12, 2023, the Company completed a reverse takeover (the "**Reverse Takeover**") with Integrated Cyber Solutions, LLC, a company organized under the Limited Liability Company Act of the State of Connecticut, on November 8, 2016. Pursuant to the Reverse Takeover, the Company changed its name to Integrated Cyber Solutions, Inc. Following the completion of the acquisition, Integrated Cyber Solutions LLC became a wholly owned subsidiary of the Company. As consideration for the sale of the Integrated Cyber Interests, the Company issued to the Integrated Cyber Members an aggregate of 32,280,000 Compensation Shares.

The Company began trading on the Canadian Stock Exchange (CSE) under the stock symbol ICS on October 10, 2023.

OVERALL PERFORMANCE FROM INCORPORATION to December 31, 2024

Despite the ongoing challenges, the Company has continued to build partnerships with cybersecurity technology providers to strengthen and diversify its portfolio. These partnerships have given ICS the ability to remain on the cutting edge of cyber technology. We have partnered with:

- Talion – a provider of advanced Detection and Response software and services replaced BluSapphire as the Company's Premium Edition partner for Managed Detection and Response, including discrete services for SIEM Management/Tuning, SOAR (Orchestration and Automated Response platform), and Managed SOC (Security Operations Center) services. Investments were made in joint marketing, and Talion is now being qualified as the future Platform for any business in the Middle East.
- KnowBe4 – the premium provider of awareness training was selected as one of two premium software partners for the Company's Employee Awareness and Engagement service. In 2021, KnowBe4 also acquired the Company's previous partner, Security Advisor. One of the Company's premier clients immediately switched to the new KnowBe4 Platform of the service upon introduction. The Company also sold additional KnowBe4 deals during the this year.
- Proofpoint Security Awareness and Training (formerly Wombat) – a second industry-leading provider of awareness training was added to the Company's Employee Awareness and Engagement service – resulting in an immediate sale of managed awareness service to an existing MDR client in the energy sector.
- Vulnera (formerly Furtim) – an online software solution for both one-time and continuous vulnerability assessments and management, was introduced in a new Vulnerability Management SMB Edition. A managed service was built around the software platform and quickly sold into one of the Company's larger clients, with a sales pipeline being built for additional clients.

The Company has offered its professional services and consulting capabilities to help bolster sales, including security remediation strategies and execution services.

During the second quarter, Integrated Cyber has focused its resources on developing a presence in the United Arab Emirates (UAE), investing in extensive automation and orchestration of critical workflows both for business operations (i.e., partner, customer onboarding) as well as delivery operations (new service implementation and cyber training programs).

Investments in marketing and sales automation were established with the goal of increasing awareness in the market without significant expense. Additional sales and marketing platforms were selected and deployed internally.

SELECTED ANNUAL INFORMATION

The Company’s Financial Statements for the years ended June 30, 2024 and 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The following selected financial information is taken from the annual consolidated financial statements and should be read in conjunction with those statements.

	Year Ended June 30, 2024 $	Year Ended June 30, 2023 $
Cash and cash equivalents	6,945	11,432
Total assets	57,138	43,337
Total liabilities	722,795	609,780
Shareholders’ deficiency	(665,657)	(566,443)
Revenue	131,546	225,808
Accumulated deficit	(7,266,264)	(6,267,979)
Comprehensive loss	(979,868)	(6,237,603)
Basic and diluted loss per share	(0.02)	(0.22)

SELECTED QUARTERLY INFORMATION

Due to the Reverse Takeover, the Company has not prepared quarterly financial information for the 8 most recently completed quarters, and therefore this information is not disclosed on this MD&A, as it is impracticable to prepare. Below are the results of operations for the quarters prepared:

	December 31, 2024 $	September 30, 2024 $	June 30, 2024 $	March 31, 2024 $	December 31, 2023 $	September 30, 2023 $
Cash and cash equivalents	28,089	24,233	6,945	1,277	20,797	6,164
Total assets	211,070	75,867	57,138	15,145	38,105	48,627
Total liabilities	1,061,805	853,125	722,795	488,454	322,916	667,944
Shareholders' deficiency	(850,735)	(777,58)	(665,657)	(473,309)	(284,811)	(619,317)
Revenue	250,311	47,452	47,573	25,973	8,293	49,707
Accumulated deficit	(7,454,194)	(7,375,059)	(7,266,264)	(7,503,839)	(6,860,605)	(6,343,808)
Comprehensive loss	(73,477)	(111,601)	(183,355)	(188,498)	(555,141)	(52,874)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

Results of Operations

For the three months ended December 31, 2024 and 2023.

During the three months ended December 31, 2024, the Company incurred a comprehensive loss of $73,477compared to a comprehensive loss of $555,141 for three months ended December 31, 2023. The change in comprehensive loss is primarily a result of:

(i) Revenues for the period ended December 31, 2024 of $250,311 (2023 - $8,293) due to new contracts acquired during the period.

(ii) Cost of sales of $58,583 for the period ended December 31, 2024 (2023 -$23,010) due to increased costs of providing services.

(iii) Consulting fees of $61,969 for the period ended December 31, 2024 (2023 - $Nil) due to a new contract entered into by the Company.

(iv) Marketing of $56,966 (2023 - $110,727) due to marketing services required due to the Reverse Takeover to raise awareness about the Company and attract potential investors.

(v) Professional fees of $85,158 (2023 - $106,789) due to increased fees resulting from the Reverse Takeover in the prior year.

For the six months ended December 31, 2024 and 2023.

During the six months ended December 31, 2024, the Company incurred a comprehensive loss of $185,078 to a comprehensive loss of $608,015 for six months ended December 31, 2023. The change in comprehensive loss is primarily a result of:

(vi) Revenues for the period ended December 31, 2024 of $297,763 (2023 - $58,000) due to new contracts acquired during the period.

(vii) Cost of sales of $102,372 for the period ended December 31, 2024 (2023 -$55,557) due to increased costs of providing services.

(viii) Consulting fees of $76,969 for the period ended December 31, 2024 (2023 - $147,308l) due to increased fees resulting from the Reverse Takeover in the prior year.

(ix) Marketing of $98,966 (2023 - $146,838) due to marketing services required due to the Reverse Takeover to raise awareness about the Company and attract potential investors.

(x) Professional fees of $91,908 (2023 - $127,453) due to increased fees resulting from the Reverse Takeover in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW ANALYSIS	Dec 31, 2024
Cash at the beginning of the period	$ 6,945
Operating Activities	
Loss for the period	$ (187,930)
Items not involving cash	$ 10,220
Net changes in non-cash working capital items:	
Accounts payable and accrued liabilities	$ 212,350
Accounts Receivable, net	$ (131,533)
Investing Activity:	
Purchase of computer equipment	$ (1,349)
Financing Activity:	
Cash received from issuance of units/costs	$ Nil
Loans received	$ 119,386
Currency translation on cash	-
Cash, end of the period	$28,089 $31,492

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource, property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As of December 31, 2024 the Company had a cash balance of $28,089 and an accumulated deficit of $7,454,194. Working capital deficit was $851,990 . The Company has $211,070 in assets and has no pledges as security for loans, or otherwise and is not subject to any debt covenants.

As of December 31 2024, the Company has current liabilities of $1,061,805. The Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Historically, the Company's sole source of funding has been from private placements and loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

OFF-BALANCE SHEET TRANSACTIONS

During the three months ended December 31, 2024, the Company has not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include the members of the Board of Directors and executive officers of the Company.

During the periods ended December 31, 2024 and 2023, the Company incurred the following transactions with related parties:

	Three months ended		Six months ended	
	December 31, 2024 ($)	**December 31, 2023 ($)**	**December 31, 2024 ($)**	**December 31, 2023 ($)**
Marketing fees to a company controlled by two significant shareholders	18,000	10,000	60,000	31,000
Professional fees paid top the CFO	60,000	38,000	60,000	38,000
Consulting fees to the CEO	40,000	30,000	40,000	30,000
Consulting fees to a director	-	7,301	-	7,301
	118,000	**85,301**	**160,000**	**106,301**

As at December 31, 2024, the Company had the following amounts due to related parties:

- As at December 31, 2024 and June 30, 2024, $70,000 is owing to a company controlled by two significant shareholders, in the form of a loan as discussed in Note 4.
- As at December 31, 2024, the Company also had a loan payable, with accrued interest of $12,630 (June 30, 2024 - $11,734) to another significant shareholder, with terms also discussed in Note 4. As at December 31, 2024, the Company also had another loan payable of $89,570 (June 30, 2024 - $83,320) this is party, accruing interest at 15% per annum, as discussed in Note 4.
- As at December 31, 2024, the Company a loan payable of $27,000 (June 30, 2024 - $4,000) to the CEO, with no terms of repayment, as discussed in Note 4.
- As at December 31, 2024, the Company a loan payable of $44,422 (June 30, 2024 - $Nil) to a shareholder, with no terms of repayment, as discussed in Note 4.
- As at December 31, 2024, the Company a loan payable of $2,000 (June 30, 2024 - $Nil) to a shareholder, with no terms of repayment, as discussed in Note 4
- As at December 31, 2024, the Company had $450,983 (June 30, 2024- $298,983) included in accounts payable, owing to management, directors, and other related parties.

COMMITMENTS

Prior to the Reverse Takeover, on April 15, 2022 the Company and Alke Capital Limited ("Alke") entered into the investment and advisory agreement (the "Alke Agreement"). Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, ("Alke Advisory Services"), and (b) make available to the Company a non-revolving equity drawdown facility in the aggregate amount of up to $5,000,000 (the "Funding Commitment").

The Funding Commitment is for an aggregate amount of $5,000,000 and a term of three years. In addition, the Company may use the Funding Commitment as security, with the consent of Alke, to secure additional financing avenues if it so chooses. Upon listing of its common shares on the Canadian Stock Exchange (the "Listing") and under the terms of the Alke Agreement, the Company can immediately start drawing down funds from the $5,000,000 Funding Commitment during the three-year term at the Company's discretion by providing a notice to Alke (an "Alke Drawdown Notice"). Funds of $ 43,368 were drawn against this agreement in April of 2024.

As an additional provision of the Alke Agreement, in the event that the Shares of the Company become listed for trading on a recognized stock exchange in North America then the Company will issue a pre-determined additional amount of warrants to Alke immediately following listing (“Top-Up Warrants”). The Top-Up Warrants were issued upon completion of the listing.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in these consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) are discussed below.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company’s current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Going concern

Management’s assessment that the Company will be able to execute its strategy and fund future working capital requirements to continue as a going concern requires significant judgment.

Estimates

- **Share-based payment transactions**
  The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

- **Fair value of consideration in the Reverse Takeover**
  The consideration to acquire the Company in the Reverse Takeover was comprised of shares. The fair value of such shares was determined on the date of issuance. The Company applied IFRS 2, "Share-based Payment" in accounting for this transaction.

- **Revenue recognition**
  Application of the accounting principles related to the measurement and recognition of revenue requires the Company to make judgments and estimates. Revenue arrangements may be comprised of multiple performance obligations. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables. Management also applies judgement in the calculation of the estimated life of a contract, the value of amounts recoverable on contracts and the timing of revenue recognition.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Company approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is attributable to its cash and accounts receivable before considering allowance for doubtful accounts. The Company limits the exposure to credit risk by only storing its cash with high-credit quality financial institutions and assessing customers credit worthiness prior to entering into contracts. Management believes that the credit risk is acceptably low.

As at December 31, 2024 and June 30, 2024 the Company had accounts receivable and allowance for doubtful accounts as follows:

	December 31, 2024 $	June 30, 2024 $
Accounts receivable	318,726	187,193
Allowance for doubtful accounts	(137,000)	(137,000)
Accounts receivable, net of allowance	**181,726**	**50,193**

During the periods ended December 31, 2024 and 2023, the Company recognized $Nil in bad debt expense.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at December 31, 2024, the Company had cash and cash equivalents of $28,089 and current liabilities of $1,061,805. At December 31, 2024, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings (Note 1 "Going concern"). The Company is exposed to liquidity risk on its debt, which, as at December 31, 2024, is due within the next 12 months.

Foreign Exchange Risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations. The Company is exposed to minimal currency risk arising from transactions in Canadian dollars which would not have a material impact on the financial statements due to normal fluctuations against the United States Dollar.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any financial instruments with variable rates of interest and is therefore not exposed to interest rate risk.

Price Rate Risk

The Company is exposed to price risk with respect to commodity prices, however, the risk of this exposure is low. The Company's ability to raise capital to fund operations is subject to risks associated with fluctuations in the market.

Management of Capital

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in the Company's audited financial statements as of June 30, 2024 , have been consistently applied to all periods presented in the Condensed Interim Consolidated Financial Statements for the period ended December 31, 2024.

OUTSTANDING SHARE DATA

The Company's authorized share capital is unlimited common shares without par value.

The following table summarizes information about the share data as at December 31, 2024 and February 28, 2025 :

	December 31, 2024	February 28, 2025
Number of common shares outstanding	61,494,676	61,704,833
Number of options outstanding	450,000	450,000
Number of warrants outstanding	17,108,808	17,428,808

KEY DEVELOPMENTS SUBSEQUENT TO December 31, 2024

- The Company completed its Annual Financial Statements for the period ended June 30, 2024 on January 10, 2025.
- On January 24, 2025, the Company issued to Alke Capital Limited 209,157 Common Shares at a deemed price per Common Share of C$0.28 in exchange for an advance of C$58,563.96 made to the Company by Alke Capital Limited under the Investment and Advisory Agreement dated April 15, 2022 between the Company and Alke Capital Limited.
- On February 5, 2025, the Company completed the first tranche closing of a proposed offering, by selling a total of 160 convertible debenture units of the Company (the "CD Units") at a price of $1,000 per CD Unit, for aggregate gross proceeds in the First Tranche Closing of $160,000.

Each CD Unit is comprised of:

(i) one 15.0% unsecured convertible debenture of the Company in the principal amount of US$1,000 (a "Convertible Debenture"); and

(ii) 2,000 Common Share purchase warrants (the "CD Warrants").

The Convertible Debentures sold in the First Tranche Closing will mature on February 5, 2027 unless extended to February 5, 2028 in the sole discretion of the Company (the "Maturity Date") and, subject to prior conversion in accordance with their terms, will be repaid in cash at the Maturity Date. Each CD Warrant sold in the First Tranche Closing is exercisable to acquire one Common Share at an exercise price of C$0.25 until February 5, 2028. From the date of issue until their Maturity Date, Convertible Debenture holders may elect to convert, in whole or in part, the face value of the Convertible Debentures into Common Shares at a conversion price (the "Conversion Price") equal to the greater of $0.10 per Common Share or 75% of the 15-

day volume weighted average price at the time of conversion. At any time prior to the Maturity Date, if the 15-day volume weighted average price of the Common Shares on the Canadian Securities Exchange (or such other Canadian stock exchange on which the greatest volume of Common Shares is traded) meets or exceeds C$0.60 for three consecutive trading days, any non-converted and remaining face value of the Convertible Debentures will be automatically converted into Common Shares at the Conversion Price.

Upon the conversion of the Convertible Debentures, the Company will pay to the Convertible Debenture holders, in cash, the interest accrued on the Convertible Debentures for the amount converted up to but excluding the date of conversion. The Convertible Debentures shall bear interest at a rate of 15.0% per annum from the date of issue, payable semi-annually in arrears in cash. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

LIMITATIONS ON SCOPE OF DESIGN

The Company has no limits to the design of its disclosure controls and procedures or internal control over its financial reporting.

RISK FACTORS

In addition to the other information included in this report, readers should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect the Company's business, products, financial condition and operating results. There are many factors that affect the Company's business and results of operations, some of which are beyond the Company's control. The following is a description of some of, but not all of, the important factors that may cause the Company's actual results of operations in future periods to differ materially from those currently expected or discussed in the FLS set forth in this report relating to the Company's financial results, operations and business prospects. Except as required by law, the Company undertakes no obligation to update any such FLS to reflect events or circumstances after the date of this MD&A.

For the purposes of this section, "**Material Adverse Change**" means any change of circumstances or any event which has, or would reasonably be expected to have, a material adverse effect in respect of the Company, any one or more changes, events or occurrences, and "**material adverse effect**" means, in respect of the Company, any change (or any condition, event or development involving a prospective change) in the business, operations, affairs (including the employment status of key employees), assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise) capitalization, financial condition, licenses, permits, rights or privileges of the Company or any of its subsidiaries which in the judgment of the Company, acting reasonably in the circumstances, could reasonably be expected to materially and adversely affect the Company and its subsidiaries taken as a whole or the value of the securities of the Company.

These risks include, but are not limited to the following:

Going-Concern Risk

The Company's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Technology Sector Risk

After the completion of the transactions contemplated by the SPA, the Company anticipates becoming a technology company. General risks of technology companies include the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations could have a material adverse effect on the companies involved in the infrastructure, technology, and technological infrastructure sector. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could result in a Material Adverse Change to such businesses' future cash flows, earnings, results of operations and financial condition.

Intellectual Property Rights

Companies involved in the development and operation of certain technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any of the Company's products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred.

Any such claims and disputes arising may result in liability for substantial damages which in turn could harm the underlying business, results of operations and financial condition.

Cyber Security Risks

The Company anticipates being dependent on information technologies to conduct its operations, including management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm operations and result in a Material Adverse Change to the operation results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error.

The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. There can be no assurance that the Company has the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

Key Personnel

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse effect on its profitability, results of operations and financial condition.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken a number of procedures and implemented a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. 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 result in a Material Adverse Change.