Management's Discussion and Analysis

For the year ended July 31, 2024

Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") is prepared as of October 24, 2024, and is intended to assist in understanding the results of operations and the financial condition of Xtract One Technologies Inc. (the "Company"). Throughout the MD&A, reference to the Company is on a consolidated basis. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2024, which are prepared under International Financial Reporting Standards ("IFRS"). The policies applied in the audited consolidated financial statements are based on IFRS policies effective as of October 24, 2024, the date the Board of Directors approved the audited consolidated financial statements. All amounts in this MD&A are expressed in Canadian Dollars unless otherwise indicated. The business of the Company is subject to several risks and uncertainties. Please refer to the Company's annual information form (the "AIF") for the fiscal year ended July 31, 2024 ("Fiscal 2024"), available under the Company's profile at www.sedarplus.ca, for more information about these risks and uncertainties.

Forward-Looking Information

This MD&A contains forward-looking information that involves material assumptions and known and unknown risks and uncertainties, which are beyond the Company's control. Such assumptions, risks, and uncertainties include, without limitation, those associated with loss of markets, expected sales, future revenue recognition, the effect of global and regional economic conditions, industry conditions, changes in laws and regulations and how they are interpreted and enforced, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, demand for the Company's products, and availability of funding. The Company's performance could differ materially from that expressed in, or implied by, this forward-looking information, and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if they do so, what benefits the Company will derive therefrom. The forward-looking information is made as of the date of this MD&A, and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events, or otherwise, except as may be required by applicable securities laws. Actual events or results could differ materially from the Company's expectations and projections.

Corporate Structure and Profile

The Company's common shares (the "Common Shares") are listed for trading under the trading symbol "XTRA" on the Toronto Stock Exchange in Canada (the "TSX"), under the trading symbol "XTRAF" on the OTCQX in the United States, and under the trading symbol "0PL" on the Frankfurt Stock Exchange in Germany. The warrants (the "Warrants") issued by the Company as part of the public offering (the "Prospectus Offering") that was completed on April 24, 2024 (as to the Prospectus Offering) and May 1, 2024 (as to the over-allotment option under the Prospectus Offering), are listed for trading on the TSX under the trading symbol "XTRA.WT". The Company is a reporting issuer in all provinces and territories of Canada, except Québec. The principal regulator of the Company is the Ontario Securities Commission.

As at July 31, 2024, the Company had five wholly-owned subsidiaries, Xtract One Detection Ltd. ("Xtract Detection"), a limited company incorporated under the laws of the province of British Columbia, Canada, Patriot One (UK) Limited ("Patriot UK"), a limited company incorporated under the laws of England and Wales, United Kingdom, Xtract One (US) Technologies Inc. ("Xtract US"), a limited company incorporated under the laws of the state of Colorado, United States of America, EhEye Inc. ("EhEye"), a limited company incorporated under the laws of the province of New Brunswick, Canada, and Xtract Technologies Inc.

("Xtract Technologies"), a limited company incorporated under the laws of the province of British Columbia, Canada.

The Company, through Xtract US, has a 49% interest in Sotech Secure, LLC, a limited liability corporation formed under the laws of the State of Delaware.

Business Highlights for the year ended July 31, 2024

The following is a summary of the Company's key financial highlights for the year ended July 31, 2024:

- Total contract value of new bookings[1] was $29.8 million for the year ended July 31, 2024, as compared to $15.0 million for the same year ended July 31, 2023, representing an increase of 99%;

- Platform contractual backlog was $13.8 million as of July 31, 2024, as compared to $4.1 million as of July 31, 2023, representing an increase of 237%. The Platform backlog as of July 31, 2024, excludes an additional $13.0 million in signed agreements pending installation[1] representing an increase of 25% over the previous year, when the signed agreements pending installation balance was $10.4 million;

- Accelerated topline growth of our Platform operating segment with $16.0 million of revenue for the year ended July 31, 2024, as compared to $3.6 million for the same year ended July 31, 2023, representing a 344% increase in Platform revenue; and

- Gross margin of 63% for our Platform operating segment for the year ended July 31, 2024, as compared to 60% for the same year ended July 31, 2023.

The following is a summary of the Company's key business highlights for the year ended July 31, 2024:

- Announced that the Company's Multi-Sensor-Gateway portfolio, including the SmartGateway and SafeGateway, had been awarded the U.S Department of Homeland Security ("DHS") SAFETY Act Designation as a Qualitied Anti-Terrorism Technology ("QATT"). This award solidifies the Company's standing as a trusted partner for major professional sports leagues and stadiums and recognizes Xtract One's efficacy in safeguarding public spaces against advanced modern threats;

- Announced the selection by the NHL's Stanley Cup winning Florida Panthers to secure entrances at Amarant Bank Arena, Baptist Health Complex and the FTL War Memorial, venues which attract upwards of 30 million visitors annually;

- Announced that the Company's SmartGateway system had completed an operational test and evaluation by National Safe Skies Alliance Inc., verifying the system's capabilities as a potential security solution for airport operations, and further solidifying the Company's commitment to third party testing as a pillar of its transparent approach;

[1] This is a non-IFRS measure and is not defined or standardized under IFRS. Refer to section *Non-IFRS and Supplementary Financial Measures.*

- Announced the next phase of growth through selective international expansion with three multinational companies, one of which is a global entertainment organization that entered into a three year contract totaling over $5.1 million USD;

- Continued expansion into the healthcare market vertical, as announced with the selection by the U.S. Department of Veteran Affairs Medical Centers in Virgina, and the Community Health Network to protect key hospital locations, with the strategic partnerships further underscoring the Company's commitment to create a more efficient healthcare environment while ensuring the safety of patients and staff;

- Continued expansion within the sports and entertainment venue industry, announcing the selection to protect all entrances of the H-E-B Centre at Cedar Park, home of the Texas Stars and Austin Spurs, CPCK Stadium, home of the Kansas City Current of the National Women's Soccer League and the world's first and only purpose-built stadium for a women's professional sports team, and the American Bank Center in Texas, a 10,000-seat arena and 138,000 square-foot convention center;

- Partnered with the Oak View Group ("OVG") to secure all entrances of Co-Op Live in Manchester, England, which opened to the public on April 23, 2024. Co-Op Live is a 23,500-capacity venue, making it the largest arena in the UK, and represents Xtract One's first OVG customer partnership in Europe;

- Announced a partnership with the Wisconsin Center District to secure all entrances of the Baird Center, Wisconsin's largest convention center, serving as the Company's first contract with a convention center;

- Completed a public offering, concurrent with a private placement share issuance with Madison Square Garden Sports Corp. ("MSG Sports"), for total combined gross proceeds of $9.7 million, providing further capital in support of the Company's operations;

- Subsequent to the year ended July 31, 2024, the Company launched Xtract One Gateway, the Company's latest AI-driven security solution, which is purpose-built for locations where visitors regularly enter carrying numerous larger personal items, otherwise categorized in the security screening field as medium-clutter environments, eliminating the need for separate bag searches;

- Subsequent to the year ended July 31, 2024, announced, through its partnership with OVG, the Company had been selected to secure the 18,000-seat capacity UBS Arena, home to the NHL's New York Islanders; and

- Subsequent to the year ended July 31, 2024, announced that the Company had been selected to protect all entrances at Rocket Mortgage FieldHouse, home to the NBA's Cleveland Cavaliers.

Business of the Company

The principal business of the Company is to develop and commercialize an integrated, layered, artificial intelligence ("AI") powered threat detection gateway solution with the aim of enhancing public safety. This includes the SafeGateway, SmartGateway and Xtract One Gateway (the "Gateways") and Xtract One View (formerly Xtract One Insights), which together comprise the Company's Platform segment. The Company's mission is to create transformative technology solutions that deliver exceptional experiences, safer environments, and informed operational insights for our customers, and their patrons and staff. The

Company has two distinct operating segments; Platform and Xtract. The Platform operating segment develops and commercializes a platform of AI-powered threat detection technologies, while Xtract develops advanced AI solutions for customers.

Outlook and Overall Performance

Platform Operating Segment

During Fiscal 2024, the Company continued its progression in the commercialization of the Platform product offering, continuing to secure a number of Platform contracts. Revenue related to Platform subscription arrangements and upfront sales amounted to $16.0 million for the year ended 2024. As at July 31, 2024, the backlog of sales commitments related to the Platform was approximately $13.8 million and continues to grow as customer installations continue to be deployed. This excludes an additional $13.0 million in signed agreements that are pending installation. As the Company continues to sell its Platform solution using a subscription model, management expects its monthly recurring revenue and sales backlog to increase, providing predictable long-term cash flow.

During Fiscal 2024, the Company focused on accelerating customer sales and sales-related activities. The continued customer wins, further development with the channel resellers, and strategic partnerships with MSG Sports and OVG have further strengthened the Company's market position, resulting in an increased backlog and a growing number of signed contracts.

The Company continues to invest in the research and development of its suite of technologies that form the Platform, and to advance the functionality of its product offerings in response to the growing market opportunities and feedback from customers, resellers, and partnership organizations. The Company continues to accelerate its product development roadmaps in response to market opportunities and customer needs, focusing on the industry-specific utility of the various solutions and capabilities under development.

Management is encouraged by the ongoing and accelerating interest in its Platform solution and sees the recent growth in successful deployments, customer commitments, and qualified sales pipeline, as validation of the product's performance and the addressable market. Management sees these factors as positive leading indicators of the expected future performance of the Company.

Xtract Operating Segment

During Fiscal 2024, the Xtract team continued to focus on supporting the internal Platform development efforts and the associated machine learning complexities of the various solutions under development in close coordination with the product development and data science teams, while completing an AI-based solution contracted through a public sector agency.

Xtract recognized revenue of $0.4 million during the 2024 fiscal year, which is related to professional service contracts. This innovative AI team continues to work collaboratively with the Company's internal Platform efforts, building an ever-expanding set of capabilities, which continue to inform and advance the strategic aims of the Company. Critical strategic decisions for Xtract are made in close consultation and coordination with the Company's leadership to ensure maximum synergies are achieved.

Investing in Research and Development

During Fiscal 2024, the Company continued to invest in research and development activities focused on its primary product offerings to advance functionality in response to the expanding addressable market and global opportunities.

AI-Powered Threat Detection Gateway

The first AI-powered threat detection gateway was initially released to the market in August 2020, followed by numerous enhanced versions. The most recent version of the SmartGateway was deployed in December 2023, which featured a ruggedized version enhancement to ensure its durability and performance in various environments, therefore, creating a single product offering and deployment model for all customers.

The SmartGateway is currently the primary focus within the Company's technology portfolio due to the significant market demand for AI threat detection screening solutions. Accordingly, the Company has invested in the continued development, testing, and enhancement of the SmartGateway product, with the primary objective being to meet the growing market demands of its current and future customers, further maintaining the Company's status as a market leader in advanced patron screening solutions.

In addition, these investments in technology research have also facilitated ancillary product development to support increasingly complex environments such as, workplaces, schools, and healthcare organizations, as evidenced by the Company's recent launch of the Xtract One Gateway product. These product developments are expected to increase the capabilities which suit our customers' requirements and specifically advance threat detection technology in medium clutter environments, thereby expanding the market for the Gateways beyond the current primary target markets.

In preparation for market segmentation expansions, the Company has diligently worked on the regulatory requirements for different geographic markets, while continuing to optimize the Platform's functionality for customer configurability, accuracy, and supportability.

Technology Update

During Fiscal 2024, the Company continued to focus its efforts to actively improve on its technological solutions. The Company's commitment to innovation and meeting the ever-changing needs of customers remains unwavering. In direct response to feedback from field engineers and customers in the live entertainment and sports venue markets, changes to the SmartGateway were focused on improved durability and system diagnostics. The Company has also invested significant development effort in the release of Xtract One View, a software as a service (SaaS) platform that seamlessly integrates with a customer's fleet of SmartGateways. Xtract One View provides a combination of fleet management functionality, real time analytics, and post event reporting capabilities. The cloud platform gives facilities a single, simplified dashboard view to oversee an entire fleet of Gateway settings and critical information from a single logon. The Company continues to look for ways to further improve the technology with planned software updates and new value-added functionality to deliver exceptional customer service and improved patron experience as additional insights in the field and features are identified by customers following successful deployments.

The AI innovations developed by the Xtract team remain critical components to the delivery of the total security solution. The Company continues to build out new functionality and advance scalability to support the growing set of clients adopting the Company's Gateways. The Company's unified AI-powered security platform remains unique in the marketplace and is being bolstered with enterprise features to support high traffic venues and facilities implementing Gateways at scale. The Company continues to develop and expand its capabilities through development partnerships and strategic integrations.

Market Opportunity

The total addressable market available to the Company in the physical security space is approximately $135 billion and is expected to experience rapid growth and transformation. Organizations are becoming increasingly concerned about employee and patron safety while being unwilling to sacrifice the patron experience. These organizations are looking for creative solutions to address these competing priorities which is driving demand for unique and innovative physical security solutions. The Company believes its patron screening solutions help address both problems far better than anything else in the market today.

The Company continues to focus on markets where its solution operates effectively in the customer's physical environment, and where the timing of the sales cycle is reasonable. This strategy has been adopted to deliver near-term revenue. The Company has identified the following primary market segments that are well-suited for the Company's threat detection solutions:

- stadiums, arenas, theatres, and outdoor event spaces;
- casinos; and
- manufacturing and distribution facilities.

The Company has been using marketing campaigns targeted at these industry groups which have led to promising opportunities and have helped secure a growing backlog and pipeline of commitments. In addition, the Company has secured key strategic partnerships with two prominent industry leaders, OVG and MSG Sports, to further solidify its position as a market leader in the sports and entertainment market. Further, during Fiscal 2024, the Company announced that the SmartGateway and SafeGateway had been awarded the DHS SAFETY Act Designation as a QATT. This award solidifies the Company's standing as a trusted partner for major professional sports leagues and stadiums and recognizes Xtract One's efficacy in safeguarding public spaces against advanced modern threats.

During Fiscal 2024, the Company continued to make meaningful progress with many customers and has been able to build up its backlog of Platform subscription contracts. Some of the Company's initial sales began as smaller purchases from large enterprise customers, after which these existing customers have expanded their commitments by increasing the number of deployments of the Platform to additional sites during the year. Many customers prefer a phased approach with a rollout of the Platform to a few entrances to ensure they are comfortable with their related security protocols before using it throughout their venues. The Company's focused success in these initial deployments have started to lead to much larger customer commitments.

Although the primary target markets are our priority in the short term, the Company has selectively engaged with customers in other market verticals such as schools, healthcare, and the public sector, where there is a strong product fit and solid demand for our solutions. The intention is to continue expansion into additional markets with future releases of the product, with the most recent being Xtract One Gateway announced subsequent to the fiscal year ended July 31, 2024. The Company continues to make significant enhancements to its products to improve capabilities and address customer needs. As products continue to develop, we will expand our target market to new market verticals and geographies. To support this, the Company has placed an emphasis on third party testing and validation of our products as well as obtaining various regulatory certifications. These certifications increase credibility in the marketplace and assist in the pursuit of new market opportunities.

The Company is currently expanding its reseller base, covering larger geographical territories and their respective end-user clientele. In furtherance of these initiatives, the Company also uses a direct-to-end-user sales model that more precisely addresses our target industry groups. This gives greater visibility into opportunities enabling the Company to forecast more accurately, control the sales process, remain competitive, increase sales margins, maintain the relationship with the end-user, and learn directly from these customers for further enhancements to the Platform. The effect of this approach has already been seen with a substantial increase in sales, sales pipeline, and the number of well-qualified opportunities where we have intimate knowledge of the customer and their processes. The Company has also instituted competitive sales programs and pricing schemes in close coordination with resellers and end-user customers to ensure that the go to market strategy is competitive and directly addresses market needs. In parallel, the Company continues to build a program to support the recruitment of strategic alliance partners that offer complementary technologies where we can develop integrations and connect our products to offer more complete solutions together. This will also provide us with access to a larger installation base to promote direct sales.

Throughout the fiscal year, the Company was engaged in selected opportunities for collaboration, innovation, and business development relationships to accelerate growth and expand its presence globally. The Company is actively pursuing international opportunities, as appropriate, to leverage new technologies, build brand awareness, execute new business, and grow our client base.

Annual Financial Performance

Selected Financial Data - Summary of Financial Results

	For the year ended July 31, 2024	2023	% Change
Revenue			
Platform revenue	$ 15,969,996	$ 3,596,999	344%
Xtract revenue	388,011	514,245	(25%)
Total revenue	$ 16,358,007	$ 4,111,244	298%
Cost of revenue			
Platform cost of revenue	5,858,611	1,383,623	323%
Xtract cost of revenue	241,377	242,724	(1%)
Total cost of revenue	$ 6,099,988	$ 1,626,347	275%
Gross profit	$ 10,258,019	$ 2,484,897	313%
Operating expenses			
Selling and marketing	5,593,432	4,566,130	22%
General and administration	7,479,609	6,813,847	10%
Research and development	8,265,043	7,078,280	17%
Loss on inventory write-down	175,042	346,374	(49%)
Loss on retirement of assets	95,066	181,107	(48%)
Total operating expenses	21,608,192	18,985,738	14%
Loss from operations	(11,350,173)	(16,500,841)	(31%)
Other income			
Unrealized gain on investments	-	58,333	(100%)
Realized loss on investments	-	(55,082)	100%
Interest and other income	285,318	161,117	77%
Loss and comprehensive loss for the period	$ (11,064,855)	$ (16,336,473)	(32%)
Weighted average number of shares	203,820,258	176,664,492	
Basic and diluted loss per share	$ (0.05)	$ (0.09)	(44%)

Financial Statement Presentation

On August 1, 2023, the Company changed its accounting for the presentation of its consolidated statements of loss and comprehensive loss from 'by nature' to 'by function'. The Company made this change in presentation to provide more relevant financial information to facilitate peer benchmarking. The Company has amended the prior year's presentation to conform to the current year's presentation.

As a result, hardware expenses, along with other direct costs attributable to the production of goods were reclassified to cost of revenue to appropriately reflect the function of the expense and facilitate the gross profit calculation. The Company considers items such as customer support, freight, installation, depreciation, and sales commissions directly attributable to the cost of revenue. Personnel fees, professional fees, share-based compensation, depreciation, and amortization costs were reclassified amongst the cost of revenue, general and administrative, selling and marketing, and research and development expenses as required to appropriately reflect the function of these expenses.

Comparative amounts for the year ended July 31, 2023, in the consolidated statements of loss and comprehensive loss, have been reclassified for consistency. Since these amounts are within operating activities in the consolidated statements of loss and comprehensive loss, this reclassification did not have any effect on the consolidated statements of financial position or the consolidated statements of cash flows.

A summary of the reclassification of the prior year comparative figures is as follows:

	Year ended July 31, 2023		
	Balance by nature	Reclassification	Balance by function
Cost of revenue	$ -	$ 1,626,347	$ 1,626,347
Sales and marketing	2,789,338	1,776,792	4,566,130
General and administration	6,206,176	872,104	7,078,280
Research and development	1,362,378	5,451,469	6,813,847
Personnel costs	5,723,359	(5,723,359)	-
Professional fees	677,469	(677,469)	-
Hardware	926,058	(926,058)	-
Amortization	805,900	(805,900)	-
Depreciation	643,390	(643,390)	-
Share-based compensation	950,536	(950,536)	-
	$ 20,084,604	**$ -**	**$ 20,084,604**

Selected Annual Information (in $000s)

	For the year ended July 31, 2024	2023	2022
Revenue			
Platform revenue	$ 15,970	$ 3,597	$ 774
Xtract revenue	388	514	2,846
Total revenue	$ 16,358	$ 4,111	$ 3,620
Loss and comprehensive loss for the period	$ (11,065)	$ (16,336)	$ (39,923)
Basic and diluted loss per share	$ (0.05)	$ (0.09)	$ (0.25)
Total assets	$ 24,942	$ 18,998	$ 18,058
Non-current liabilities	$ 3,346	$ 124	$ 357

Overall Annual Results

Overall loss and comprehensive loss for the year ended July 31, 2024, was $11.1 million compared with $16.3 million for the same year ended July 31, 2023, representing a decrease of $5.2 million or 32%. The decrease in loss for the year ended July 31, 2024 was mainly attributable to the increase in Platform revenue and subsequent increase in gross profit.

Revenue

The Company reported overall revenue of $16.4 million during the year ended July 31, 2024, compared with $4.1 million, for the same year ended July 31, 2023, representing an increase of $12.3 million or 298%.

The Company recognized Platform revenue of $16.0 million during the year ended July 31, 2024, as compared to $3.6 million during the same year ended July 31, 2023, representing an increase of $12.4 million or 344%. The Company believes that revenue from this operating segment will continue to grow in the upcoming periods due to the extensive backlog and sales pipeline it has built up from customer bookings and subscription contracts, adding to the continued growth in monthly recurring revenue.

The Company recognized $0.4 million in revenue related to work completed on contracts from the Xtract operating segment for the year ended July 31, 2024, as compared to $0.5 million for the same year ended July 31, 2023, representing a decrease of $0.1 million or 25%. The decrease is mainly attributable to the Company having no active contracts under the Xtract operating segment at July 31, 2024, as the Xtract team continues to focus on supporting the internal Platform development efforts and the associated machine learning complexities of the various solutions under development in close coordination with the product development and data science teams.

The Company's backlog of contracted commitments is broken down as follows:

	Less than one year	Greater than one year	As of July 31, 2024	2023	% Change
Platform revenue	$ 6,597,982	$ 7,189,854	$ 13,787,836	$ 4,126,486	234%
Xtract revenue	-	-	-	393,872	-
Total backlog	$ 6,597,982	$ 7,189,854	$ 13,787,836	$ 4,520,358	205%

The Company recorded a Platform backlog of $13.8 million as of July 31, 2024, as compared with $4.1 million as of July 31, 2023, representing an increase of $9.7 million or 234%. The increase is mainly attributable to several new contracts that the Company secured and deployed throughout the year ended July 31, 2024. The Platform backlog as of July 31, 2024, excludes an additional $13.0 million in signed agreements that are pending installation, which is an increase from the $10.4 million of signed contracts that existed as of July 31, 2023. As the Company continues to sell its Platform using a subscription model, management expects a continued increase in sales backlog, providing predictable long term cash flow.

Cost of revenue

The cost of revenue was $6.1 million for the year ended July 31, 2024, as compared with $1.6 million for the same year ended July 31, 2023, representing an increase of 275% or $4.5 million. The increase in these costs during Fiscal 2024 was primarily attributable to a concurrent increase in related revenues.

Gross profit

The following table provides a breakdown of gross profit and gross margin for the reported periods:

	Gross Profit ($000s)		Gross Margin	
	2024	2023	2024	2023
Platform	$ 10,111	$ 2,213	63%	62%
Xtract	147	272	38%	53%
Total	$ 10,258	$ 2,485	63%	60%

Total gross profit as a percentage of total revenue for the year ended July 31, 2024, was 63%, as compared with 60% for the same year ended July 31, 2023. The increase in gross profit for the year ended July 31, 2024 is largely due to the higher revenue from our Platform operating segment which achieves higher margins than our Xtract operating segment.

Gross margin from our Platform operating segment was 63% for the year ended July 31, 2024, compared to 62% for the same year ended in 2023. The slight improvement in the gross margin over the prior year was largely due to the sales mix of customer contracts in addition to the refinement of the Company's pricing model in Fiscal 2024.

Sales and marketing

Sales and marketing costs were $5.6 million for the year ended July 31, 2024, as compared with $4.6 million for the same year ended July 31, 2023, representing an increase of 22% or $1.0 million. The increase in these costs during the year was primarily attributable to the Company's growing investment in sales and marketing activities, including targeted marketing campaigns and trade shows in new market verticals. We expect sales and marketing expenses will remain steady, or increase slightly, as sales and marketing activities continue in the upcoming periods.

General and administration

General and administrative costs were $7.5 million for the year ended July 31, 2024, as compared with $6.8 million for the same year ended July 31, 2023, representing an increase of 10% or $0.7 million. The slight increase in these costs during the year was primarily due to an increase in personnel costs. The Company continues to prioritize management's ongoing effort to reduce non-strategic discretionary expenditures. We expect general and administrative expenses will remain steady or increase slightly in the upcoming periods.

Research and development

Research and development ("R&D") costs were $8.3 million for the year ended July 31, 2024, as compared with $7.1 million for the same year ended July 31, 2023, representing an increase of 17% or $1.2 million. The increase in R&D costs during Fiscal 2024 was primarily driven by expenditures for product development. We expect continued investment in research and development expenses in the upcoming periods as the Company continues to invest in R&D activities, in order to maintain advancements in innovation and product functionality.

Loss on inventory

During the year ended July 31, 2024, the Company wrote down $0.2 million of inventory as compared to $0.3 million during the year ended July 31, 2023, representing a decrease of 49% or $0.1 million. Management continuously reviews the inventory it holds for signs of impairment or obsolescence.

Loss on retirement of assets

During the year ended July 31, 2024, the Company wrote down $0.1 million of obsolete fixed assets as compared with $0.2 million for the year ended July 31, 2023, representing a decrease of 48% or $0.1 million. Management continuously reviews fixed assets for indications of impairment or obsolescence.

Loss (gain) on investments

For the year ended July 31, 2024, the unrealized gain on investments was $nil, compared to a gain of $0.06 million for the year ended July 31, 2023. The realized loss on investments for the year ended July 31, 2024, was also $nil, compared to a loss of $0.05 million for the prior year. The unrealized gains, and realized losses, in the prior year were attributable to the Company's investment in Gemina Laboratories Ltd., which was disposed of during the fiscal year ended July 31, 2023.

Interest and other income

Interest and other income was $0.3 million for the year ended July 31, 2024, as compared with $0.2 million for the same year ended July 31, 2023, representing an increase of 77% or $0.1 million. The rise of market interest rates as compared to the previous year, along with higher cash balances throughout the duration of the fiscal year, contributed to the overall increase in interest income.

Net loss per share

On a per weighted average share basis, net loss per share was $0.05 for the year ended July 31, 2024, as compared with $0.09 for the fiscal year 2023. The decrease of 44% or $0.04 in net loss per share for the year ended July 31, 2024, was primarily attributable to the increase in Platform revenue and the corresponding increase in gross profit resulting in a decrease in loss and comprehensive loss.

Financial Data – Summary of Quarterly Results (in $000s)

	Quarter Ended							
	Jul 31, 2024	Apr 30, 2024	Jan 31, 2024	Oct 31, 2023	Jul 31, 2023	Apr 30, 2023	Jan 31, 2023	Oct 31, 2022
Revenue								
Platform	$ 5,638	$ 4,585	$ 2,750	$ 2,996	$ 1,646	$ 802	$ 721	$ 427
Xtract	-	98	170	120	128	73	94	220
Total revenue	$ 5,638	$ 4,683	$ 2,920	$ 3,116	$ 1,774	$ 875	$ 815	$ 647
Total expenses	8,099	7,400	6,295	5,913	5,123	4,675	5,303	5,511
Loss from operations	$ 2,461	$ 2,717	$ 3,375	$ 2,797	$ 3,349	$ 3,800	$ 4,488	$ 4,864
Unrealized loss (gain) on investment		-	-	-	-	58	(182)	66
Realized loss on investment		-	-	-	55	-	-	-
Interest and other income	(88)	(45)	(57)	(96)	(84)	(31)	(34)	(12)
Loss and comprehensive loss	$ 2,373	$ 2,672	$ 3,318	$ 2,701	$ 3,320	$ 3,827	$ 4,271	$ 4,918
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.03)
Working capital	$ 9,874	$ 10,395	$ 1,865	$ 5,113	$ 7,672	$ 8,358	$ (1,870)	$ 2,261
Total assets	$ 24,942	$ 25,262	$ 16,498	$ 16,468	$ 18,998	$ 18,750	$ 11,121	$ 13,694
Non-current liabilities	$ 3,346	$ 3,128	$ 63	$ 94	$ 124	$ 154	$ 183	$ 268

Quarterly Results Trend Analysis

The quarterly expenditure trend across the eight fiscal quarters ending July 31, 2024 above reflects the evolution of the Company's strategy to accelerate revenue growth for the Platform operating segment, while driving efficiencies in operating expenditures. The Company's primary objective has been the further development and commercialization of an integrated, layered, AI-powered threat detection solution. In fiscal 2023, the Company began to see the results of its enhanced marketing and sales efforts through increased revenue, sales commitments, and a qualified sales pipeline. In Fiscal 2024 and onwards, the Company's strategic partnerships and customer relationships have continued to grow the sales pipeline and contributed towards scaling the operations, with the anticipation of long-term recurring revenue.

The Company has no discontinued operations.

Fourth Quarter Results

Revenue

During the three months ended July 31, 2024, the Company recognized total revenue of $5.6 million, as compared to $1.8 million for the three month period ended July 31, 2023, representing an increase of $3.8 million or 211%. Revenue of $5.6 million was attributable to the Platform operating segment for the three months ended July 31, 2024, in comparison with $1.7 million for the three month period ended July 31, 2023, representing an increase of $3.9 million or 230%. The increase in Fiscal 2024 compared to the previous year is mainly attributable to a higher number of sales contracts signed and deployed during Fiscal 2024 along with the continued monthly recognition of customer subscription arrangements.

Revenue recognized relating to the Xtract operating segment during the three months ended July 31, 2024, was $nil, as compared to $0.1 million for the same period ending on July 31, 2023. The decrease was mainly attributable to the change in focus, as the Xtract team continues to support the internal Platform development efforts and the associated machine learning complexities.

Adjusted loss and comprehensive loss

During the three months ended July 31, 2024, the Company recognized a total adjusted loss and comprehensive loss of $2.4 million as compared to $3.3 million for the three month period ended July 31, 2023, representing a decrease of $0.9 million or 27%. The decrease was mainly attributable to an increase in revenue during the three months ended July 31, 2024, driving gross profit contribution.

Liquidity and Capital Resources

As at July 31, 2024, the Company had a working capital of $9.9 million which includes current assets of $17.5 million to meet current liabilities of $7.6 million. The majority of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has non-current liabilities of $3.3 million, related to deferred revenue and the long-term portion of the capitalized lease liabilities in accordance with IFRS 16.

Selected Cash Flow Information – Summary of results for the years ended July 31,

	2024	2023	% Change
Cash and cash equivalents beginning of year	$ 8,327,449	$ 6,277,321	33%
Cash used in operating activities	(8,143,808)	(13,535,322)	40%
Cash (used in) generated from investing activities	(429,755)	364,462	(218%)
Cash generated from financing activities	8,874,635	15,220,988	(42%)
Change in cash for the year	301,072	2,050,128	(85%)
Cash and cash equivalents end of year	$ 8,628,521	$ 8,327,449	4%

During the year ended July 31, 2024, the Company had a net increase in cash flow from operations, investing, and financing activities of $0.3 million, compared with $2.1 million for the same year ended July 31, 2023.

The cash flow used in operating activities was $8.1 million for the year ended July 31, 2024, as compared with $13.5 million for the same year ended July 31, 2023, representing a decrease of $5.4 million or 40%. The decrease in negative cash flow from operating activities is primarily attributable to the decrease in net loss and comprehensive loss of $5.2 million.

Cash flow used in investing activities was $0.4 million for the year ended July 31, 2024, as compared with $0.4 million of cash generated during the same year ended in 2023, representing a decrease of $0.8 million. The decrease in cash flow from investing activities can be mainly attributed the acquisition of intangible assets during the year ended July 31, 2024.

Cash generated in financing activities was $8.9 million for the year ended July 31, 2024, as compared to $15.2 million for the same year ended July 31, 2023, representing a decrease of $6.3 million or 42%. This decrease is primarily attributed to the proceeds on issuance of share capital during the years ended July 31, 2024 and 2023.

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to safeguard its ability to continue as a going concern and to sustain the future development of the business. The Company's objective is met by retaining adequate cash reserves to provide for the possibility that cash flows from operations will not be sufficient to meet future cash flow requirements. To maintain or adjust the Company's capital structure, the Company may issue shares, such as through private placements or other possible debt or equity arrangements. The Board of Directors does not establish a quantitative return on capital criteria for management. The Company is not subject to any externally imposed capital requirements.

Financing activities during the fiscal year ended July 31, 2024

On April 24, 2024, the Company issued 14,057,000 units (the "Units") for gross proceeds of $7.2 million pursuant to the Prospectus Offering. Each Unit consisted of one Common Share and one Warrant. Each Warrant is exercisable into one Common Share until April 24, 2027, at an exercise price of $0.64.

Concurrent with the Prospectus Offering, the Company closed a private placement with MSG Sports (the "Private Placement") and generated gross proceeds of $1.4 million on issuance of 2,696,228 units (each a "MSG Unit"). Each MSG Unit consisted of one Common Share and one common share purchase warrant (each a "MSG Warrant"). Each MSG Warrant is exercisable into one Common Share until April 24, 2027, at an exercise price of $0.64.

On May 1, 2024, the Company issued an additional 2,042,500 Units in association with the full exercise of the agent over-allotment option under the Prospectus Offering, for gross proceeds of $1.0 million. Concurrent with the closing of the over-allotment option exercise, the Company issued an additional 371,951 MSG Units on a private placement basis to MSG Sports for total gross proceeds of $0.2 million.

Cash commissions paid in connection with the Prospectus Offering and over-allotment exercise were $0.6 million. Additional cash transaction costs associated with the Prospectus Offering and Private Placement totaled $0.5 million. The proceeds from the Prospectus Offering and the Private Placement will provide additional capital in support of the Company's operations.

Commitments

The Company continues to invest in its supply chain and has outstanding purchase obligations of $2.9 million (July 31, 2023 - $0.9 million) related to the assembly of future finished goods for the Platform product offerings that will be drawn down within the next fiscal year.

The following table summarizes the Company's future lease commitments:

Fiscal year	Amount
2025	$ 204,625
2026	84,350
2027	91,350
2028	23,276

Use of proceeds from Prospectus Offering and Private Placement dated April 24 and May 1, 2024

On February 6, 2024, the Company filed a final short form base shelf prospectus (the "Shelf Prospectus"), allowing the Company to raise up to $50 million of securities over a 25-month period. On April 24 and May 1, 2024, the Company completed the Prospectus Offering and over-allotment option, and issued a total of 16,100,000 Units and received net proceeds of $7.1 million, of which $1.1 million were allocated to general working capital. Net proceeds in the amount of $1.6 million raised in connection with the Private Placement were added to general working capital for a total of $2.7 million when combined with the proceeds from the Prospectus Offering. The intended uses of the Prospectus Offering and Private Placement net proceeds are outlined below:

Business Objective	Estimated Use of Net Proceeds	Approximate Use of Proceeds as at July 31, 2024	Proceeds unutilized as at July 31, 2024
Product Development	$2,500,000	$393,262	$2,106,738
Sales and Marketing	2,000,000	252,841	1,747,159
Production and Operations	1,500,000	90,403	1,409,597
General Working Capital	2,700,000	182,418	2,517,582
Total	**$8,700,000**	**$918,924**	**$7,781,076**

The Company's intention to spend the net proceeds of the Prospectus Offering as set forth above is based on the expectations of management at the time of the financing raise. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. At the current time, there are no significant changes to the business objectives and milestones.

Non-IFRS and Supplementary Financial Measures

This MD&A refers to historical non-IFRS performance measures and supplementary financial measures. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other reporting issuers.

Supplementary financial measures included in this MD&A are, 'Agreements pending installation' and 'Total contract value of new bookings'. Agreements pending installation reflect the total value of signed contracts awarded to the Company that have not been installed at the customer site. 'Total contract value of new bookings' is comprised of all new contracts signed and awarded to the Company, regardless of the performance obligations outstanding as at the reporting period. Total contract value is the aggregate value of sales commitments from customers as at the reporting period without consideration of the Company's completion of the associated performance obligations outlined in each contract. Management believes that these supplementary financial measures provide a better evaluation of the operating performance of the Company's business and facilitates meaningful comparison of results in the current period with those in prior periods and future periods.

Financial Instruments and Other Instruments

The Company's only material financial instruments are cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of receivables, and accounts payable and accrued liabilities are of approximate fair value due to the short-term nature of the instruments. The Company's cash and cash equivalents are carried at fair value.

The Company's risk exposures and the impact on financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk in order to meet its contractual obligations by ensuring there is appropriate capital to meet short-term business requirements and obtaining other opportunities for financing. The Company identifies when funds are required through the planning and budgeting process to support the Company's normal operations. The Company's ability to continue as a going concern involves significant judgments and estimates while determining forecasted cashflows and is dependent on the Company's ability to obtain financing.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset-backed commercial paper. The Company's receivables primarily consist of trade receivables that the Company continues to collect and refundable sales tax from the Canada Revenue Agency, which are not subject to significant credit risk. The Company's maximum exposure to credit risk is limited to the carrying amount of cash and cash equivalents and receivables.

Market risk

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

Interest rate risk
Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash and cash equivalents, and consequentially its exposure to interest rate risk is insignificant.

Foreign currency risk
Foreign currency risk is the risk that is related to the fluctuation of foreign exchange rates. The Company's financial assets and liabilities that are denominated in foreign currencies are impacted by changes in the exchange rate between the Canadian dollar and the U.S. dollar. This primarily includes cash and cash equivalents, trade and other receivables, and trade and other payables. During the year ended July 31, 2024, the Company generated a portion of revenue in U.S. dollars, along with corresponding expenses in U.S. dollars, which acted as a natural foreign exchange hedge. Management continues to evaluate its foreign currency risk as the business grows internationally.

Price risk
Price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company did not hold material equity investments during the year, and therefore, exposure to price risk is insignificant.

Material accounting policies implemented during the year ended July 31, 2024

Deferred cost of revenue

During the year ended July 31, 2024, the Company adopted an accounting policy due to certain circumstances where the Company incurs costs for the hardware and software delivered to customers in advance of recognizing revenue. These costs are recorded as deferred costs of revenue and are carried forward until the related revenues are recognized, at which time they are expensed. Deferred cost of revenue is recorded at the lower of cost and net realizable value.

Material Accounting Policies and Estimates

For a complete description of the Company's significant accounting policies, please see the accompanying notes to the audited consolidated financial statements for the year ended July 31, 2024.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results may differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

Share-based compensation

The fair value of stock options granted is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the option, expected volatility, expected life of the options, expected dividends, and the risk-free interest rate. These estimates will impact the valuation of share-based compensation.

Deferred income tax assets and liabilities

The measurement of deferred income tax provision is subject to the uncertainty associated with the timing of future events and changes in legislation, tax rates, and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to the expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Treatment of development costs

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends, and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible and meets the criteria.

Estimated useful lives, depreciation, and amortization of property and equipment and intangible assets

Depreciation and amortization of property and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of the assets.

Right of use lease assets and liabilities

The right of use assets and liabilities are measured at the present value of future lease payments discounted using the rate implicit in the lease or incremental borrowing rate for the Company estimated based on comparable companies' borrowing rates if the rate implicit in the lease is not readily determined. These assumptions will impact the valuation of right-of-use assets and liabilities and finance costs.

Revenue recognition

Revenue arising from the sale of or subscription to use the Platform is recognized as the Company fulfills its performance obligations. There are significant estimates made in determining and measuring performance obligations that could impact the timing of revenue recognition.

Xtract contract revenue is recognized in proportion to the stage of completion of each contract. Significant assumptions are used to determine the stage of completion and changes in these assumptions could impact the revenue recognized during the period.

Going concern

The preparation of the Company's consolidated financial statements requires management to identify whether the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. To assess this, the Company must identify events and conditions that may indicate significant doubt about the Company's ability to continue as a going concern. The Company considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

The ability of the Company to continue as a going concern is dependent on either a single or a combination of events occurring - obtaining additional financing through the issuance of debt or equity, and/or generating profit through its operations. There is a risk that additional financing will not be available on a timely basis or terms acceptable to the Company or that profitable operations are not achieved. These matters result in material uncertainties which may cast significant doubt on whether the Company will continue as a going concern.

The Company manages its liquidity risk in order to meet its contractual obligations by ensuring there is appropriate cash on hand and obtaining other opportunities for financing. The Company identifies when funds are required through the planning and budgeting process to support the Company's normal operations. The Company's ability to continue as a going concern involves significant judgments and estimates while determining forecasted cashflows and is dependent on the Company's ability to obtain financing.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the consolidated financial statements, then adjustments would be necessary for the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

Recent Accounting Pronouncements

The International Accounting Standards Board (IASB) has published new standards and amendments or interpretations to existing standards which are outlined below.

New accounting standards issued but not yet in effect:

Classification of liabilities as current or non-current (Amendments to IAS 1)

The IASB has published the *Classification of Liabilities as Current or Non-Current* (Amendments to IAS 1) which clarified the guidance on whether a liability should be classified as either current or non-current.

The amendments:

i. Clarify that the classification of liabilities as current or non-current should be based on whether rights to defer exist at the end of the reporting period;
ii. Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
iii. Make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets, or services that result in the extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Company does not expect the adoption of this new amendment to have a significant impact on the consolidated financial statements and its respective disclosures.

Presentation and Disclosure in Financial Statement (IFRS 18)

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") which replaces IAS 1 *Presentation of Financial Statements*.

IFRS 18 introduces:

i. New requirements on presentation within the statement of profit or loss;
ii. Disclosure standards regarding management defined performance measures; and

iii. Principles for aggregation and disaggregation of financial information in the financial statements and the notes.

IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 is to be applied retrospectively. The Company is currently assessing the impact that IFRS 18 will have on its Consolidated Financial Statements.

Related Party Balances and Transactions

Key management personnel include persons having the 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 Board of Directors and corporate officers. During the year ended July 31, 2024, two additional personnel were added as key executive officers. Key management compensation earned by officers and directors of the Company during the year ended July 31, 2024, was $2,055,732 (2023 - $1,386,079). In addition, share-based compensation expense relating to key management for the year ended July 31, 2024, was $668,840 (2023 - $628,501).

As at July 31, 2024, there was $482,000 (July 31, 2023 - $202,718) in accounts payable and accrued liabilities due to officers and directors of the Company or to companies controlled by directors and officers of the Company. There were no other related party transactions during the years ended July 31, 2024 and 2023.

Controls and Procedures

Evaluation of disclosure controls and procedures:

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. As at July 31, 2024, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective and that material information relating to the Company, including its subsidiaries, was made known to them and was recorded, processed, summarized, and reported within the time periods specified under applicable securities legislation.

Internal controls over financial reporting:

The Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding the Company is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer in a timely manner.

In addition, the Chief Executive Officer and Chief Financial Officer have designed or caused it to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

The Chief Executive Officer and Chief Financial Officer have been advised that the control framework used to design the Company's ICFR is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether there were changes to its ICFR during the year ended July 31, 2024, that have materially affected or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

Risk and Uncertainties

The Company's business is subject to several risk factors which are described in our most recently filed AIF. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the Common Shares to decline. If any of the noted risks occur, business plans may be impacted and the financial condition and results of operation may suffer, potentially significantly. In that event, the trading price of the Common Shares could decline, and shareholders may lose all or part of their investment.

Additional information and other publicly filed documents relating to the Company are available through the Internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR+"), which can be accessed at www.sedarplus.ca.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Proposed Transactions

There are no undisclosed proposed transactions that will materially affect the performance of the Company.

Subsequent Events

The following transactions occurred subsequent to the reporting period:

i. On August 22, 2024, 12,500 stock options were exercised and converted into Common Shares for gross proceeds of $4,750.

ii. On September 4, 2024, the Company entered into a lease agreement for a new office and research lab in Toronto, Ontario. The lease is expected to commence on March 1, 2025, after a rent-free fixturing period. The lease has a term of five years, with annual lease payments of $219,051.

iii. On October 7, 2024, the Company granted 3,259,000 employee stock options with an exercise price of $0.67 per option. The options were granted with a term of five years and a vesting period over three years.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the date of this MD&A, the Company has 218,400,737 Common Shares issued and outstanding. In addition, there are 61,075,159 Warrants which may be exercised to acquire one Common Share each at prices ranging from $0.51 to $0.75. The Company also has stock options outstanding to purchase an additional 14,404,204 Common Shares with exercise prices ranging from $0.38 to $1.37 per share.