

# INVERITE INSIGHTS INC.

(FORMERLY MARBLE FINANCIAL INC.)

## Management Discussion and Analysis (“MD&A”) of the Financial Position and Results of Operations for the six months ended September 30, 2024, as of November 27, 2024

The following discussion is a review of the consolidated activities, results of operations and financial condition of Inverite Insights Inc. (Formerly Marble Financial Inc.) and its subsidiary companies (the “Company” or “Inverite”) for the six-month period ended September 30, 2024. The discussion below should be read in conjunction with the Company’s condensed consolidated interim financial statements for the three-month and six-month period ended September 30, 2024 and notes thereto (the “Financial Statements”). Those condensed consolidated interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards (“IFRS”). The Financial Statements and the MD&A have been reviewed by the Audit Committee and approved by the Company’s Board of Directors on November 27, 2024. The Canadian dollar is the functional and reporting currency of Inverite. All dollar amounts within this report are expressed in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements for the purpose of applicable Canadian securities legislation. These statements reflect the Company’s current expectations and estimates. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “suggest”, “indicate” and other similar words or statements that certain events or conditions “may” or “will” occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. The forward-looking information contained in this MD&A is presented for the purpose of assisting readers in understanding the Company’s strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. Circumstances affecting the Company may change rapidly. Except as may be required by applicable law, the Company does not undertake any obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise. Unless otherwise indicated, these statements speak only as of the date of this MD&A.

Actual results could differ materially from those anticipated in forward-looking statements stated within the MD&A.

### COMPANY OVERVIEW AND GOING CONCERN

Inverite’s main business focus is related to its proprietary technology, which supports alternative lenders and financial services companies with artificial intelligence (“AI”) and alternative banking data to better understand consumers’ financial capacity and creditworthiness in their adjudication process, as well as to verify identity and reduce fraud. These operations are conducted by Inverite Verification Inc. (“Inverite Verification”), our wholly owned subsidiary, which operates a proprietary cloud-based SaaS platform utilizing Open Banking or Consumer-Directed Finance solutions and Robot Process Automation (“RPA”). This platform offers banking verification, identification verification, and risk solutions to the financial services industry for income verification, credit decisioning, fraud reduction, and know-your client (“KYC”)/ anti-money laundering (“AML”) compliance.

The Inverite Platform is a cloud-based transactional and Risk Model as a Service (“RMAAS) platform that utilizes AI and Machine Learning (“ML”) to offer the following products to the financial services industry: Bank Verification, ID Verification, Expense Categorization and Risk Scoring. Inverite’s value proposition to industry in Canada is:

- High consumer and financial institution coverage
- Fast processing time
- Competitive pricing

- Enhanced categorization and richer insights
- Leading ML-model Risk Score
- Flexibility and ability to tailor offering, as required
- Rigorous security compliance, fraud deterrence  
Superior support model and turnaround time

The urgency for such robust verification and risk assessment tools, beyond traditional credit reports, has been underscored by evolving financial challenges. On July 22, 2024, MNP Ltd. announced the results of its quarterly consumer debt index (the “Index”) survey conducted by Ipsos on behalf of MNP Ltd. The Index tracks Canadians’ attitudes about their debt and ability to meet their monthly payment obligations. The MNP Consumer Debt Index fell to 85 points, a decrease of six points compared to the previous quarter. This drop reflects growing negative perceptions about debt, despite the Bank of Canada’s recent interest rate cut. Over half of Canadians (56%) are worried that interest rates won’t decrease quickly enough to provide the financial relief they need. Additionally, 57% believe rates need to drop significantly more to improve their financial situation, and two-thirds (66%) feel a pressing need for lower interest rates. (“<https://mnpdebt.ca/en/resources/mnp-consumer-debt-index>”)

In the current financial landscape, shaped by the aftermath of the COVID-19 pandemic, rising interest rates, and inflation, a considerable number of Canadians find themselves in need of rebuilding or improving their credit scores. This scenario often stems from challenges in managing debt obligations, which in turn affects their ability to secure credit through traditional means. Recognizing this, there is a significant market opportunity to support these individuals, offering solutions that cater to those looking to enhance their financial health and creditworthiness in a fluctuating economic environment. In Canada’s credit-dependent economy, access to credit is fundamental for managing daily life and expenses. Yet, many Canadians find themselves marginalized and excluded from the mainstream credit system. This exclusion often stems from their poor credit scores or lack of credit history, leading them to seek financial solutions from alternative lenders.

The credit score, a crucial metric in this financial landscape, is algorithmically derived from a consumer’s credit report at a specific time. However, the traditional credit reporting system encounters challenges, notably from some lenders’ incomplete or delayed reporting and the issue of consumers with no credit history. These limitations highlight the need for a more immediate and comprehensive method of assessing creditworthiness.

Real-time bank data has emerged as a key solution to these challenges, providing an alternative and nuanced perspective on consumer creditworthiness. This approach offers a more current and detailed snapshot of a consumer’s financial behavior and capacity. When a consumer establishes credit with a lender reporting to major credit bureaus like TransUnion of Canada Inc. (“TransUnion”) or Equifax Consumer Canada Co. (“Equifax”), their credit activities are recorded in a credit report. This report, a historical record of credit management, is crucial in forming the individual’s credit score. However, the lack of mandatory reporting by all consumer credit lenders creates gaps in this data. This issue, along with reporting delays, has prompted a shift among alternative lenders towards relying on real-time bank data. Such data provides an up-to-date view of a consumer’s available cash flow and creditworthiness, thereby becoming an invaluable tool in the credit decisioning process.

According to a TransUnion survey published in September 2023, they reported that nearly half (49%) of Canadians surveyed said they were recently targeted by fraud and that around 1 in 20 digital transactions in Canada suspected fraudulent in H1 2023 (<https://www.globenewswire.com/news-release/2023/09/12/2741779/0/en/Nearly-Half-49-of-Surveyed-Canadians-Said-They-Were-Recently-Targeted-by-Fraud-Around-1-in-20-Digital-Transactions-in-Canada-Suspected-Fraudulent-in-H1-2023-Reveals-TransUnion-Cana.html>). Such statistics underscore the escalating demand for multifaceted KYC solutions in online transactions, highlighting the importance of Inverite’s role in providing secure and comprehensive verification services.

The Company’s open banking platform enhances the ability for alternative lenders and financially excluded Canadians to better transact with each other. The alternative financial data that Inverite’s subsidiary, Inverite Verification provides to the alternative lenders, provides a more in-depth, real-time, and accurate accountability of the consumers creditworthiness to assist the alternative lenders with their adjudication process in offering credit. With consumers that still don’t qualify for credit with alternative lenders, Inverite offers a solution that helps consumers with insights and recommendations on how to individually rebuild or improve their credit and credit score. Credit deterioration is

not merely a function of consumers not choosing to make their debt obligations, it can stem from an unforeseen or unexpected life event such as job loss, divorce, critical illness or death in the family which results in inability to service debt obligations, especially in cases where a consumer carries unmanageable debt loads.

In 2021, the Company launched its Marble Connect Application Programming Interface (“Marble Connect API”) for its MyMarble Platform which allowed the Company to offer its proprietary Point Deduction Technology (“PDT”) solution to other financial services companies and their clients pursuant to licensing arrangements with the Company.

The MyMarble Platform offered subscription services and other solutions such as Boost loans to consumers as well as its discontinued Fast-Track loans.

The MyMarble Platform is a consumer facing user interface (“UI”) that is a cloud-based platform designed to provide users access to personalized granular solutions in the areas of:

- Budgeting, cash flow analysis, trends and insights: By connecting their financial profile, and utilizing Inverite, customers have access to up-to-date and live financial recommendations that enable customers to analyze areas of financial improvement.
- Credit insights, recommendations, and simulators: MyMarble empowers customers to rebuild and improve their credit score by utilizing the proprietary point deduction technology (“PDT”) that is the basis for credit score improvement recommendations, credit monitoring, coaching and budgeting.
- Financial literacy and education: Using the Company’s Marble Learn product; customers have access to industry expert course programs designed to improve financial literacy.
- Combined savings and credit-rebuilding tool: Customers can build a savings plan and their credit with the Secured Future Credit Plan product. This product is provided by Jenson and is their GIC Savings Loan product.
- Credit improvement subscription program: Using the Company’s Boost program, consumers utilize a 12-month interest-free installment loan that finances and grants the consumer a 12-month subscription to MyMarble Premium and provides monthly reporting to both TransUnion and Equifax.

During the period ended March 31, 2024, the Company suspended its MyMarble offering and solely focussed its resources and efforts on the Inverite Verification platform. The decision to suspend the MyMarble offering was made in consideration of current market conditions and strategic priorities, aiming to optimize the allocation of resources and enhance shareholder value.

Inverite previously offered a Fast-Track credit acceleration product which has been discontinued and no new Fast-Track loans are being offered; however, the Company continues to service the remaining balance of the Fast-Track loan portfolio.

In 2022, the Company incorporated a wholly owned subsidiary, Accumulate.ai Software Ltd. (“Accumulate.ai”), a marketing and technology company that specializes in providing digital products and services. In October 2022, Accumulate.ai acquired certain technology assets which include an inventory management system and customer contracts and related assets. Accumulate.ai provides tailored lead generation combined with artificial intelligence (“AI”) to accumulate high intent customers for clients. During the period ended December 31, 2023, the Company suspended the Accumulate ai business and to focus on Inverite Verification.

In 2023, the Company reviewed its suite of products and services and decided to focus its efforts primarily on supporting and growing its Inverite Platform, as verification revenues are the Company’s most significant revenue driver, as the Company has seen increased demand for these solutions since acquiring Inverite Verification in 2021.

On January 25, 2024, Marble Financial Inc. changed its name to Inverite Insights Inc. to better reflect the primary business of the company.

Inverite was incorporated under the Business Corporation Act (British Columbia) on July 7, 2015. The head office of the Company is located at Suite 404-999 Canada Place, Vancouver, British Columbia, V6C 3E2. Inverite’s common shares are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “INVR”, quoted on the

OTC Pink market under the symbol “INVERF” and on the Frankfurt Stock Exchange under the symbol “2V0”. The Company’s consolidated financial statements include the financial statements of the following subsidiaries:

<b>Company</b>	<b>Place of Incorporation</b>	<b>Effective Interest</b>
Inverite Verification Inc. (“ <b>Inverite Verification</b> ”)	British Columbia	100%
Score-Up Inc. (“ <b>Score-Up Inc.</b> ”)	Ontario	100%
TPFM The Phoenix Fund Management Ltd. (“ <b>TPFM</b> ”)	British Columbia	100%

On April 23, 2021, 1301771 B.C. Ltd. was incorporated under the BCBCA as a special purpose vehicle whose business and undertaking is restricted to the origination, funding and financing of consumer loan assets, together with such other activities as may be reasonably required or advisable in connection therewith. 1301771 was created to procure financing for Fast-Track Loans originated by TPFM and thereafter receiving an assignment of the Fast-Track Loans and holding them as collateral for a security interest given to the lenders.

On September 1, 2022, Accumulate.ai was incorporated under the Canada Business Corporations Act and extra-provincially registered under the Business Corporations Act (British Columbia) in British Columbia on September 2, 2022. Accumulate.ai was created for the purposes of acquiring certain assets related to a marketing service business.

On February 29, 2024, the Company as a part of its corporate restructuring and focus on its Inverite Verification platform moving forward, voluntarily dissolved Accumulate.ai Software Ltd., Credit Meds Corp., 1301771 B.C. Ltd, and TPF The Phoenix Fund Inc.

As of September 30, 2024, the Company had a shareholders’ deficiency of \$1,602,304 (March 31, 2024 – \$1,266,840) and an accumulated deficit of \$23,785,977 (March 31, 2024 – \$22,475,500) and therefore will need ongoing funding to continue its operations. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern accounting principle will be in significant doubt.

The condensed consolidated interim financial statements were prepared based on a going concern which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The condensed consolidated interim financial statements do not reflect the adjustments or reclassification which would be necessary if the Company were unable to continue its operations in the normal course of business.

## **HIGHLIGHTS AND OVERALL PERFORMANCE**

Highlights during and subsequent to the six month period ended September 30, 2024, include:

- **October 31, 2024** - Inverite issued an aggregate of 700,000 common shares pursuant to the vesting of RSU. An aggregate of \$33,500 was transferred from reserves to share capital as a result.
- **October 9, 2024** – Inverite issued 1,100,000 \$0.05 Units for proceeds of \$55,000 pursuant to a non-brokered private placement
- **September 25, 2024** – Inverite entered a strategic partnership with Mortgage Automator, an award-winning, end-to-end loan origination, servicing and fund management platform for private lenders. This collaboration will integrate Inverites’ innovative instant bank verification and risk/confidence scoring solution into Mortgage Automator's platform, significantly enhancing the mortgage application and approval process for brokers across Canada.
- **August 3, 2024** – Inverite entered a strategic partnership with Amazon Web Services' (AWS) leading North American leading premier partner, OpsGuru. By leveraging OpsGuru's expertise in secure and compliant cloud infrastructures, Inverite will enhance data protection measures, ensuring utmost security and privacy for its clients' financial information.

- **July 25, 2024** – Inverite issued 6,000,000 \$0.05 Units for proceeds of \$300,000 pursuant to a non-brokered private placement and paid \$15,400 to an agent as a finders' fees
- **July 22, 2024** – Inverite issued an aggregate of 200,000 common shares pursuant to the vesting of restricted share units. An aggregate of \$9,000 was transferred from reserves to share capital as a result.
- **July 9, 2024** - Inverite issued 2,700,000 \$0.05 Units for proceeds of \$135,000 pursuant to a non-brokered private placement.
- **July 3, 2024** – Inverite offered Risk Score solution to Flovver’s FinX platform. This collaboration will see Inverite’s proprietary Risk Score and advanced data science capabilities integrated into Flovver’s FinX loan management system, enhancing the platform’s risk assessment capabilities.
- **June 27, 2024** - Inverite issued 1,100,000 \$0.05 Units for proceeds of \$55,000 pursuant to a non-brokered private placement.
- **June 14, 2024** - Inverite issued 28,571 common shares from a partial exercise of convertible debentures.
- **May 27, 2024** - Inverite issued 1,700,000 \$0.05 Units for proceeds of \$85,000 pursuant to a non-brokered private placement.
- **May 13, 2024** - Inverite granted 400,000 RSU and 600,000 options to an arm’s length financial consultant. Each RSU, upon vesting, is redeemable into one common share. Each SO has an exercise price of \$0.05 and a term of five years from the grant date. The SO’s vest as to 25% every six months in arrears from the grant date.
- **May 10, 2024** - Inverite issued 1,100,000 \$0.05 Units for proceeds of \$55,000 pursuant to a non-brokered private placement.
- **April 30, 2024** - Inverite granted 2,000,000 RSU and 4,000,000 options to a director of the Company. The options expire five years from the date of the grant and vest in equal one-quarter amounts starting six months from the date of grant and are exercisable at \$0.05 per share.
- **April 24, 2024** - Inverite issued 1,020,000 \$0.05 Units for proceeds of \$51,000 pursuant to a non-brokered private placement; and granted 400,000 RSU to an arm’s length business consultant.
- **April 22, 2024** - Inverite issued an aggregate of 100,000 common shares pursuant to the vesting of RSU. An aggregate of \$7,500 was transferred from reserves to share capital as a result.
- **April 1, 2024** - Inverite granted 400,000 RSU and 1,050,000 PSU to an arm’s length business consultant.

## **DISCUSSION OF OPERATIONS**

The key performance indicators we use to manage our business and evaluate our financial results and operating performance are verification revenue, interest income, fee-based revenue, operating expenses, and net income (loss).

### ***Overall Operations***

The Company has focused on specific key operational strategies, namely, further developing the Inverite Platform and API, utilizing data science and machine learning (“ML”), and increasing third-party industry licensing and referral relationships with other financial services firms, all with the overall objective of driving sustainable growth and revenues.

The Company currently derives the majority of its revenues from verification transaction fees from its wholly owned subsidiary, Inverite Verification. The Company also derives revenues from interest income from the loan portfolio related to its non-active Fast-Track program, customer subscription fees from its MyMarble product, administration

fees, SaaS, third-party monthly licensing, as well as marketing services fees. Inverite is focusing its resources on supporting the growth of its Inverite verification revenue stream as this has demonstrated higher growth potential compared to its other product offerings.

The 2021 acquisition of Inverite Verification has provided Inverite with verification fee revenues derived from licensing arrangements with Inverite's B2B financial services clients. Inverite has continued to expand its reseller and licensing relationships throughout 2023 and intends to expand the Inverite product offerings by offering additional risk scores and complimentary verification products.

During the six-month period ended September 30, 2024, the Company received proceeds of \$720,600 from share issuances which included proceeds from non-brokered private placements, net of share issuance costs, and received net proceeds of \$125,250 from loans.

As at September 30, 2024, the Company held \$127,031 in loans receivable, net of allowance for loan impairment of \$125,527 (March 31, 2024 – \$200,466, net of allowance for loan impairment of \$116,133). The allowance for loan impairment of \$125,527 represents 49.7% of the Company's outstanding loan balance, inclusive of interest receivable, at September 30, 2024 (March 31, 2024 – 36.68%).

A loan receivable is considered past due when a consumer debtor has not made a payment by the contractual due date and written off when the consumer debtor has declared bankruptcy or applied for a consumer protection, or the Company has sent the loan receivable to an external collection agency for collections. During the six-month period ended September 30, 2024, the Company wrote off \$647 (2023 – write off \$71,081) in loans and interest receivable.

## **SIX MONTH PERIOD ENDED SEPTEMBER 30, 2024**

### ***Revenue***

The Company generated total revenues of \$646,069 (September 30, 2023 - \$661,263), representing a decrease of 2% over the comparable period. The decrease in revenue was mainly due to the decrease in lower revenue generated from the Company's other revenue generating products.

The Company generated verification fee revenue of \$616,449 (September 30, 2023 - \$478,949) an increase of \$137,500 or 29%. The Company contributes the increase in verification fee revenue to increase in transaction volumes on the platform.

The Company generated interest revenue from its loan portfolio of \$27,620 (September 30, 2023 - \$66,403). The decrease of \$38,783 is primarily due to a lower number of loans outstanding during the period with no new Fast-Track loans granted in 2023. The Company no longer offers new Fast-Track loans but continues to manage its existing loan portfolio.

The Company generated subscription fees of \$Nil (September 30, 2023 – \$49,329) from subscriptions of MyMarble and from its Boost Loans. Service fees decreased primarily due to the lower number of consumer loans outstanding during the period compared to the prior period. During the three-month period ended December 31, 2023, the Company no longer offered MyMarble subscriptions.

The Company generated marketing service fees of \$2,000 (September 30, 2023 - \$66,530) related to Accumulate.ai business assets acquired in October 2022. The decrease of \$64,530 is primarily due to the Company ceasing Accumulate.ai operations.

Service fees and other income totaled \$Nil (September 30, 2023 – \$52).

### ***Operating Expenses***

Operating expenses decreased by \$239,583 or 11% to \$1,846,153 as compared to \$ 2,085,736 for the period ended September 30, 2023. The Company provides the following detailed information on variances and components of operating expenses:

- administration costs of \$83,965 (September 30, 2023 - \$109,794) decreased by \$25,829 or 24% due to cost management measures initiated by the Company. Administration costs are largely comprised of office expenses, loan issuance costs, telephone and utilities.
- amortization of \$103,977 (September 30, 2023 - \$ 81,738) increased by \$22,239 or 27% related to amortization of intangible assets and depreciation of furniture and equipment.
- bad debts expense and allowance for loan impairment of \$23,294 (September 30, 2023 – \$49,117) decreased by \$25,823 or 53% due to lower balance of loan portfolio.
- consulting fees of \$277,235 (September 30, 2023 - \$389,388) decreased by \$112,153 or 29% due to lower use of consultants in 2024.
- investor relations expense of \$59,312 (September 30, 2023 - \$54,695) increased by \$4,617 or 8% due to the Company increasing its investor relations activities.
- marketing expenses of \$61,808 (September 30, 2023 - \$ 143,624) decreased by \$81,816 or 57% due to the Company discontinuing Accumulate.ai marketing services.
- professional fees of \$71,102 (September 30, 2023 - \$120,316) decreased by \$49,214 or 41% related to legal and audit fees.
- salaries and benefits of \$621,935 (September 30, 2023 - \$713,594) decreased by \$91,659 or 13% due to the reduction of employees.
- share based payments of \$252,414 (September 30, 2023- \$ 66,874) related to the fair value of net share purchase options granted and vested during the period and the vesting of RSUs during the period. During the six-month period ended June 30, 2024, the Company granted 4,600,000 share purchase options, 3,200,000 RSUs and 1,400,000 PSUs to various officers, directors, employees and/or consultants.
- software and platform technology services of \$279,172 (September 30, 2023 - \$ 326,450) decreased by \$47,278 or 14% related to technology and software costs associated with the Inverite Verification transactions.
- transfer agent and filing fees of \$11,939 (September 30, 2023- \$30,146) decreased by \$18,207 or 60% due to fewer financing activities.

#### ***Finance Costs***

- the Company incurred interest expense of \$89,279 (September 30, 2023- \$95,218) a decrease of \$5,939 or 6%, related to convertible debentures and loans.
- accretion expense on convertible debentures and lease liabilities of \$33,095 (September 30, 2023 – reversal of \$1,910). This increase resulted from higher accretion expense associated with new convertible debentures issued in 2024.

#### ***Other Income (Expenses)***

- the Company recorded a loss on settlement of interest payable of \$Nil (September 30, 2023- \$7,140) which resulted from the settlement of accrued interest payable on convertible debentures through the issuance of common shares during the period ended September 30, 2023.

- the Company recorded a gain on settlement of accounts payable of \$Nil (September 30, 2023 – \$40,034) which resulted from the settlement of certain accounts payable through a combination of payable forgiveness and shares for debt settlement completed during the period ended September 30, 2023.
- the Company recorded an impairment loss on intangible assets of \$Nil (September 30, 2023 - \$114,419) related to impairment of the Accumulate.ai assets.
- the Company recorded a gain on settlement of bonds of \$Nil (September 30, 2023 – \$2,940,648) which resulted from the bond restructuring transactions that closed in April and May 2023.
- the Company recorded a loss on the earn-out provision for Inverite Verification of \$Nil (September 30, 2023 – \$2,148) related to a higher estimate for the expected year two earn-out provision which was settled through the issuance of shares on July 31, 2023.
- The Company incurred a gain on write-off of accounts (receivable) payable of \$11,981 (September 30, 2023 – \$Nil).

### ***Net Income (Loss)***

The Company recorded a net loss of \$1,310,477 (September 30, 2023 – net gain of \$1,339,194). The increase in net loss resulted primarily from the gain on settlement of bonds during the six-month period ended September 30, 2023.

### **THREE MONTHS ENDED SEPTEMBER 30, 2024**

#### ***Revenue***

The Company generated total revenues of \$321,799 for the three-month period ended September 30, 2024 (September 30, 2023 – \$320,984), representing an increase of \$815 over the comparable period.

For the three months ended September 30, 2024, the Company generated \$309,410 (September 30, 2023 – \$253,345) of verification fees generated from Inverite representing an increase of 22% over the comparable period.

The Company generated interest revenue from its loan portfolio of \$12,389 for the three months ended September 30, 2024 (September 30, 2023 – \$30,408). The decrease is primarily due to a lower number of consumer loans outstanding during the period, no new loans granted in 2023 and higher bad debts and expected credit losses related to these loans. The Company no longer offers new Fast-Track loans but continues to manage its existing loan portfolio.

The Company generated marketing service fees of \$Nil (September 30, 2023 – \$16,000) related to marketing services revenues generated by the Accumulate.ai business assets acquired in October 2022.

The Company generated subscription fees of \$Nil (September 30, 2023 – \$21,210) from subscriptions of MyMarble and from its Boost Loans. Service fees and other income totaled \$Nil (September 30, 2023 – \$21).

#### ***Operating Expenses***

Operating expenses for the three months ended September 30, 2024, decreased by \$121,804 or 12% to \$891,553 as compared to \$1,013,357 for the three months ended September 30, 2023, as the Company continued to focus on reducing its overall costs. The Company provides the following detailed information on variances and components of operating expenses:

- administration costs of \$43,966 (September 30, 2023 – \$40,777) increased by \$3,189 or 8% which is comparable from the prior period. Administration costs are largely comprised of office expenses, loan issuance costs, professional fees, telephone and utilities.



- amortization of \$51,988 (September 30, 2023 – \$40,869) increased by \$11,119 or 27% from the prior period due to the Company having nominal additions during both periods and reflected amortization of intangible assets and depreciation of furniture and equipment.
- bad debts expense and allowance for loan impairment reversal of \$1,706 (September 30, 2023 – \$62,322) decreased by \$64,028 due to lower loan loss provisions associated with a lower loan portfolio value for its inactive Fast-Track loan program.
- consulting fees of \$138,350 (September 30, 2023 – \$170,907) decreased by 32,557 or 19% from 2023 because of reduced use of consultants during the current period compared to the prior period.
- investor relations expense of \$34,820 (September 30, 2023 – \$28,945) increased by \$5,875 or 20% as the Company increased its investor activities slightly in 2024 compared to 2023.
- marketing expenses of \$29,168 (September 30, 2023 – \$68,206) decreased by \$39,038 or 57% compared to 2023 due to the Company discontinuing Accumulate.ai marketing services.
- salaries and benefits of \$300,099 (September 30, 2023 – \$343,904) decreased by 43,805 or 13% from 2023 as the Company had fewer employees in 2024 compared to 2023.
- share based payments of \$117,925 (September 30, 2023 – \$22,719) increased by \$95,206 or 419% related to the fair value of net share purchase options granted and vested during the period and the vesting of RSUs and PSUs during the period.
- software and platform technology services of \$133,195 (September 30, 2023 – \$170,262) decreased by \$37,067 or 22% from 2023 related to technology and software costs associated with the Inverite Verification transactions
- transfer agent and filing fees of \$7,148 (September 30, 2023 – \$6,669) increased by \$479 or 7% which was consistent between the periods.

#### ***Finance Costs***

- the Company incurred interest expense of \$41,266 (September 30, 2023- \$45,312) a decrease of \$4,046 or 9%, related to convertible debentures and loans.
- accretion expense on convertible debentures and lease liabilities of \$16,822 (September 30, 2023 – reversal of \$10,130). This increase resulted from higher accretion expense associated with new convertible debentures issued in 2024.

#### ***Other Income (Expenses)***

- the Company recorded a loss on settlement of interest payable of \$Nil (September 30, 2023- \$7,140) which resulted from the settlement of accrued interest payable on convertible debentures through the issuance of common shares during the period ended September 30, 2023.
- the Company recorded a gain on settlement of accounts payable of \$Nil (September 30, 2023 – \$40,034) which resulted from the settlement of certain accounts payable through a combination of payable forgiveness and shares for debt settlement completed during the period ended September 30, 2023.
- the Company recorded an impairment loss on intangible assets of \$Nil (September 30, 2023- \$114,419) related to impairment of the Accumulate.ai assets.

- The Company incurred a gain on write-off of accounts (receivable) payable of \$7,749 (September 30, 2023 – \$Nil).

### *Net Income (Loss)*

The Company recorded net loss of \$620,093 for the three months ended September 30, 2024 (September 30, 2023 – \$809,080). The decrease in the net loss was primarily due to lower overall operating expenses compared to 2023.

### **SUMMARY OF QUARTERLY RESULTS**

	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Total revenues	\$ 321,799	\$ 324,270	\$ 293,663	\$ 274,226
Net income (loss) and comprehensive income (loss)	(620,093)	(690,384)	(803,008)	(584,821)
Assets	2,494,479	2,470,771	2,610,124	2,987,543
Non-current financial liabilities	223,416	223,416	223,846	322,136
Basic and diluted income (loss per share)	(0.00)	(0.00)	(0.00)	(0.00)

  

	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Total revenues	\$ 320,984	\$ 340,279	\$ 324,910	\$ 110,768
Net income (loss) and comprehensive income (loss)	(809,080)	2,148,274	(956,285)	(2,159,066)
Assets	2,993,531	3,306,741	3,489,233	3,536,362
Non-current financial liabilities	323,426	324,716	326,006	327,296
Basic and diluted loss per share	(0.00)	0.01	(0.01)	(0.02)

### **LIQUIDITY AND CAPITAL RESOURCES**

As at September 30, 2024, the Company had a working capital deficit of \$3,580,128 (March 31, 2024 – \$3,399,984). The Company has relied upon debt, equity and loans to finance its operations and meet its capital requirements. During the six-month period ended September 30, 2024, the Company received proceeds of \$720,600 from share issuances which included proceeds from non-brokered private placements, net of share issuance costs, and received net proceeds of \$125,250 from loans. The Company manages the capital structure and adjusts it due to changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure and the amount of cash, the Company may issue new shares or debt or acquire or dispose of assets.

The Company’s objectives when managing its liquidity and capital resources is to maintain a sufficient capital base to sustain and grow its overall operations, ensure adequate capital to fund convertible debenture repayment, and provide adequate capital to fund future developments of the business.

#### ***Debt Restructuring***

Effective April 6, 2023, Inverite entered into bond assumption and assignment agreements with TPF such that Inverite assumed all of the obligations related to the bond and interest payables pursuant to TPF bonds outstanding as at April 6, 2023. Effective April 6, 2023, Inverite also entered into debt settlement agreements (“Debt Settlement Agreements”) with each of the holders of the bonds outstanding in order to complete the bond restructuring transaction to settle an aggregate of \$5,775,220 of bond and interest debt (the “Bond Debt Restructuring”). Pursuant to the Debt Settlement Agreements, bondholders agreed to settle their bond and accrued interest amounts outstanding through a combination of shares for debt, debt forgiveness and/or waiver of interest expense accrued from Q1 2022 to April 6, 2023.

On April 6, 2023, Inverite closed the first tranche of the Bond Debt Restructuring with certain bondholders. Inverite settled an aggregate of \$4,150,544 of bonds payable and accrued interest payable outstanding through a combination of shares for debt (\$3,210,872 settled through issuance of 33,644,957 shares), debt forgiveness (\$460,873) and waiver of interest (\$478,799). As a result, Inverite recorded a gain on debt settlement of \$1,795,396.

On May 16, 2023, Inverite closed the second and final tranche of the Bond Debt Restructuring with the remaining bondholders. Inverite settled an aggregate of \$1,624,676 of bonds payable and accrued interest payable outstanding through a combination of shares for debt (\$858,543 settled through issuance of 10,653,893 shares), debt forgiveness (\$620,543) and waiver of interest (\$145,590). As a result, Inverite recorded an aggregate gain on debt settlement of \$1,145,252. As a result of the two closings, the Company eliminated all its bond debt and bond interest obligations.

On February 21, 2023, the Company entered into agreements with convertible debenture holders to settle convertible debentures with a principal amount of \$803,000 which matured on December 31, 2022, through the issuance of new convertible debentures. On March 6, 2023, Inverite issued an aggregate of \$814,440 principal amount of new convertible debentures (the “2023 Debentures”) in exchange for the full settlement and discharge owing on the \$803,000 principal amount of convertible debentures that matured on December 31, 2022, plus unpaid accrued interest of \$11,440 thereon. The 2023 Debentures matured on July 31, 2023 and bore simple interest at a rate of 10% payable on the maturity date. The principal amount of the 2023 Debentures was convertible, at the option of the holder, into common shares of Inverite at a price of \$0.10 per share, subject to a forced conversion provision. In August 2023, Inverite satisfied the outstanding accrued interest on the 2023 Debentures to July 31, 2023, through the issuance of an aggregate of 714,027 common shares.

On September 28, 2023, the Company entered into agreements with convertible debenture holders to settle the 2023 Debentures with a principal amount of \$814,440 that had matured on July 31, 2023, through the issuance of new convertible debentures. In exchange for the full settlement and discharge of the \$814,440 principal amount of the 2023 Debentures, plus unpaid accrued interest of \$12,942, the Company issued an aggregate of \$827,382 principal amount of new convertible debentures (referred to as the “2024 Debentures”). The 2024 Debentures are set to mature on September 28, 2024, bear interest at a rate of 10% and are convertible into common shares at \$0.07 per common share. As at the date of this MD&A, the 2024 Debentures remain outstanding.

### *Summary of cash flows*

As at September 30, 2024, the Company had cash of \$73,125 (March 31, 2024- \$56,596) and a working capital deficit of \$3,580,128 (March 31, 2024 - \$3,399,984). The Company was able to decrease its working capital deficit primarily as a result of the Bond Debt Restructuring which was completed during the six-month period ended September 30, 2024. A summary of the Company’s cash flow is as follows:

	<b>Six-month period ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash outflow used in operating activities	\$ (756,741)	\$ (810,482)
Cash inflow / (outflow) from investing activities	-	-
Cash inflow / (outflow) from financing activities	773,270	739,597
Net change in cash	16,529	(70,885)
Opening balance, cash	56,596	88,896
Closing balance, cash	\$ 73,125	\$ 18,011

### *Operating Activities*

Cash outflow used in operating activities for the period ended September 30, 2024, was \$756,741 compared to \$810,482 for the period ended September 30, 2023. The cash outflow is primarily related to the loss for the period, offset by non-cash items which included share-based payment \$252,413 on September 30, 2024 (September 30, 2023 - \$66,874) and net changes in non-cash working capital items.

### *Investing Activities*

Cash inflow used in investing activities for the period ended September 30, 2024, was \$Nil (September 30, 2023 - \$Nil)

#### *Financing Activities*

Cash inflow from financing activities for the period ended September 30, 2024, was \$773,270 compared to an inflow of \$739,597 for the period ended September 30, 2023. During the six-month period ended September 30, 2024, the Company received proceeds of \$720,600 (September 30, 2023 - \$494,250) from private placements, received loan proceeds of \$125,250 (September 30, 2023 - \$ 251,261) and paid \$72,580 (September 30, 2023 - \$5,914) towards its loans payables.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

As at September 30, 2024, the Company had no off-balance sheet arrangements that have, or are likely to have, a current or future effect on the results of operations or financial condition of the Company.

#### **RELATED PARTY TRANSACTIONS**

Related parties of the Company include key management personnel, companies controlled by key management personnel and close family members of key management personnel. Key management personnel are people who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. Key management personnel are composed of the board of directors and executive leadership team.

#### **Compensation**

Salaries paid to the Company's key management personnel which include the CEO and COO/CTO for the three and six-month periods ended September 30, 2024, totalled \$104,000 and \$208,000 respectively (2023 - \$104,000 and \$208,000).

#### **Consulting fees**

Consulting fees paid to a company controlled by a director and a company controlled by the CFO for the three and six months ended September 30, 2024, totalled \$66,000 and \$132,000 respectively (2023 - \$54,200 and \$129,050). As at September 30, 2024, accounts payable included \$320,348 (March 31, 2024- \$326,748) owing to these two companies controlled by key management personnel.

#### **Omnibus Equity Incentive plan**

Included in the share-based payments for the three and six months ended September 30, 2024, is \$73,420 and \$136,710 (2023 - \$11,983 and \$22,938) related to the fair value of share purchase options vested for key management personnel.

#### **Loans and Other Transactions**

As of September 30, 2024, loans payable included an aggregate of \$Nil (March 31, 2024 - \$Nil) loans received from directors of the Company and a company controlled by a director. The loans bear interest at a rate of 12% per annum and have no fixed terms of repayment.

During the three- and six-month periods ended September 30, 2024, the Company incurred an aggregate of \$Nil and \$Nil (2023 - \$1,966 and \$3,910) of interest expense incurred pursuant to loans and convertible debentures held by directors of the Company and a company controlled by a director. As of September 30, 2024, interest payable included an aggregate of \$Nil (March 31, 2024 - \$Nil) interest that was due to directors of the Company and a company controlled by a director.

#### **OUTSTANDING SECURITY DATA**

##### *Common Shares*

At the date of this MD&A, Inverite had authorized an unlimited number of common shares without par value and 213,947,940 common shares are issued and outstanding.

### *Non-Voting Shares*

At the date of this MD&A, Inverite had authorized an unlimited number of non-voting shares without par value. There are no non-voting shares issued and outstanding.

### *Special Shares*

At the date of this MD&A, Inverite had authorized an unlimited number of special shares without par value. There are no special shares issued and outstanding.

### *Shares Issuable*

On January 22, 2021, Inverite launched a 12-month online marketing campaign through AGORACOM Internet Relations Corp. The total cost of the campaign is \$75,000 plus applicable taxes, payable through the issuance of common shares with the first 20% of the fee payable on the commencement date and 20% at the end of each of the third, sixth, ninth and twelfth months thereafter. Inverite issued 40,843 common shares on January 27, 2021 from treasury, for the first installment of the fee plus applicable taxes. The fair value of the 40,843 common shares was determined to be \$15,000 plus tax. As at September 30, 2024, Inverite had not issued shares representing the fees payable for the second, third, fourth and fifth installments. As a result, Inverite has recorded \$67,800 of shares issuable.

### *Warrants*

A summary of Inverite's issued and outstanding common share purchase warrants at the date of this MD&A is as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Outstanding</b>
November 28, 2024	\$ 0.11	9,793,217
December 15, 2024	\$ 0.11	683,000
January 3, 2025	\$ 0.11	393,000
January 23, 2025	\$ 0.11	430,000
March 13, 2025	\$ 0.11	835,000
March 30, 2025	\$ 0.11	430,000
April 27, 2025	\$ 0.11	714,500
June 13, 2025	\$ 0.11	429,000
July 12, 2025	\$ 0.11	414,500
July 27, 2025	\$ 0.11	400,000
August 11, 2025	\$ 0.11	429,000
August 29, 2025	\$ 0.11	357,500
September 13, 2025	\$ 0.11	393,000
September 27, 2025	\$ 0.10	1,100,000
November 10, 2025	\$ 0.10	1,100,000
December 28, 2025	\$ 0.10	550,000
February 6, 2026	\$ 0.10	1,960,000
February 16, 2026	\$ 0.10	4,400,000
March 11, 2026	\$ 0.10	2,596,600
March 26, 2026	\$ 0.10	800,000
April 23, 2026	\$ 0.10	1,020,000
May 9, 2026	\$ 0.10	1,100,000
May 27, 2026	\$ 0.10	1,700,000
June 27, 2026	\$ 0.10	1,100,000
July 9, 2026	\$ 0.10	2,700,000
July 25, 2026	\$ 0.10	6,000,000
September 26, 2026	\$ 0.10	1,100,000

October 9, 2026	\$	0.10	1,100,000
			44,028,317

### *Share Purchase Options*

A summary of Inverite's issued and outstanding share purchase options at the date of this MD&A is as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Outstanding</b>
September 23, 2024	\$ 0.25	500,000
December 30, 2024	\$ 0.20	100,000
January 23, 2025	\$ 0.20	100,000
March 2, 2025	\$ 0.19	100,000
March 31, 2025	\$ 0.10	500,000
March 31, 2025	\$ 0.055	1,310,000
December 7, 2025	\$ 0.05	250,000
April 28, 2027	\$ 0.13	1,100,000
July 29, 2027	\$ 0.09	50,000
October 18, 2027	\$ 0.10	1,000,000
October 31, 2027	\$ 0.10	600,000
January 31, 2028	\$ 0.08	100,000
April 25, 2028	\$ 0.08	200,000
December 7, 2028	\$ 0.05	1,600,000
February 15, 2029	\$ 0.055	2,685,000
April 30, 2029	\$ 0.05	4,000,000
May 13, 2029	\$ 0.05	600,000
October 31, 2029	\$ 0.05	500,000
14,795,000		

### *Restricted Share Units ("RSUs")*

As at the date of this MD&A, 1,700,000 RSUs remain outstanding which vest as follows:

- On April 1, 2024, the Company granted 400,000 RSUs to a consultant. 25% of the RSUs vest on each of June 30, 2024, September 30, 2024, December 31, 2024 and March 31, 2025.
- On April 24, 2024, the Company granted 400,000 RSUs to a consultant. 25% of the RSUs vest on each of June 30, 2024, September 30, 2024, December 31, 2024 and March 31, 2025.
- On April 30, 2024, the Company granted 2,000,000 RSUs to a director of the Company. 25% of the RSUs vest on each of July 31, 2024, October 31, 2024, January 31, 2025 and April 30, 2025.
- On May 13, 2024, the Company granted 400,000 RSUs to a consultant. 25% of the RSUs vest on each of August 13, 2024, November 13, 2024, February 13, 2025 and May 13, 2025.

### *Performance Share Units ("PSUs")*

As at the date of this MD&A, 1,050,000 PSUs are outstanding which vest as follows:

- On April 1, 2024, the Company granted 1,050,000 PSUs to a consultant. 25% of the RSUs vest on each of June 30, 2024, September 30, 2024, December 31, 2024 and March 31, 2025, if certain criteria were met.

## **SEGMENTED INFORMATION**

The Company operates in one reportable segment, involving the provision of financial services and products. All the Company's assets are located in Canada.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and all future periods which are affected by the change in estimate. The principal areas where critical estimates and judgments have been applied are described below:

### **Impairment losses on loans receivable**

The Company regularly reviews its loans receivable for potential impairment. In determining whether an impairment loss should be recorded in profit or loss, the Company considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating an adverse change in the borrower's payment status. Management uses estimates based on valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required. The estimates include future market interest rates.

### **Impairment of intangible assets and goodwill**

Intangible assets available for use and having a useful life are assessed for impairment indicators at the end of each reporting period. If indicators of impairment exist, the Company will test those intangible assets for impairment. The Company tests intangible assets with an indefinite useful life, intangible assets not yet ready for use, and goodwill annually. Significant judgment is required in determining the useful lives and recoverable amounts of these assets, evaluating the appropriate allocation of assets to cash-generating units, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of the intangible assets rely on certain inputs and assumptions, including future cash flows and discount rates, and may be sensitive to changes in these inputs and assumptions. Future cash flows are based on revenue projections and allocated costs which are estimated based on historical and forecast results and business initiatives. Discount rates are based on an assessment of current market assessment of the time value of money and the risks specific to the asset or cash-generating unit.

### **Income taxes**

Income tax expenses recorded in these consolidated financial statements are not final until tax returns are filed and accepted by taxation authorities. Therefore, results of operations in future reporting periods may be affected by the difference between the income tax expense estimates and the final tax assessments. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying

future tax deductions against future taxable income. The assessment is based on enacted tax acts and estimates of future taxable income.

### **Business combinations**

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those that can create outputs. On April 12, 2021, Inverite completed the acquisition of 100% of the shares of Inverite Verification which was accounted for as a business combination at fair value in accordance with IFRS 3, “Business Combinations” as the operations of Inverite Verification meet the definition of a business. The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a purchase price allocation, as described in Note 4 of the Financial Statements. On October 18, 2022, Accumulate.ai completed the acquisition of certain assets related to a marketing services business which was accounted for as a business combination at fair value in accordance with IFRS 3, “Business Combinations” as the operations of the assets met the definition of a business. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. The valuations are linked to the assumptions used by management on the future performance of the related assets and the discount rates applied.

### **Purchase price allocation**

The acquisition of Inverite Verification on April 12, 2021, was accounted for as a business combination at fair value in accordance with IFRS 3, “Business Combinations”. The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a purchase price allocation. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. These valuations are linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. See Note 4 to the Company’s Financial Statements.

The acquisition of the Accumulate.ai business assets on October 18, 2022, was accounted for as a business combination at fair value in accordance with IFRS 3, “Business Combinations”. The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a purchase price allocation. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. These valuations are linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. See Note 5 to the Company’s Financial Statements.

### **CHANGES IN ACCOUNTING POLICIES**

There was no new accounting policies adopted during the period ended September 30, 2024. See Note 3 to the Company consolidated financial statements for the year ended March 31, 2024, for a summary of the Company’s accounting policies.

During the period ended December 31, 2023, the Company changed the fiscal year end to March 31, 2024.

### **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed consolidated interim financial statements for the six month period ended September 30, 2024 and this accompanying MD&A (together, the “Annual Filings”).



In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **RISK FACTORS**

Any investment in the securities of the Company is speculative, due to the nature of its business and its general stage of development. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. In addition to the usual risks associated with investment in a business, investors should carefully consider the risk factors set out in the Company's public disclosure, including the Company's MD&A for the year ended March 31, 2024.