

SOLVBL SOLUTIONS INC.
(Formerly Stowe One Investments Corp.)

Form 51 – 102 F1

Management Discussion and Analysis

Three and six months ended June 30, 2022
August 26, 2022

**SoLVBL Solutions Inc.
Management’s Discussion & Analysis
Three and six months ended June 30, 2022**

Introduction

The following Management’s Discussion & Analysis (“MD&A”) of SoLVBL Solutions Inc. (the “Company” or “SoLVBL”) for the three and six months ended June 30, 2022 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company.

This MD&A has been prepared in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read conjunction with the Company’s audited annual financial statements for the year ended December 31, 2021 and 2020, and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022, together with the notes thereto, and other corporate filings available at www.sedar.com (“SEDAR”). Results are reported in Canadian dollars, unless otherwise noted. The Company’s unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of June 30, 2022, unless otherwise indicated.

Management is responsible for the financial statements referred to in this MD&A and provides officers’ disclosure certifications filed on SEDAR. The audit committee of the Company (“Audit Committee”) reviews the unaudited condensed interim consolidated financial statements and the MD&A and recommends approval to the Company’s board of directors (the “Board”). For the purposes of preparing this MD&A, management, in conjunction with the Board, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company’s common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is current and approved by the Board of Directors as at August 26, 2022.

Forward-Looking Statements

Certain sections of this MD&A may contain “forward-looking statements” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not

limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to the Company’s future financial conditions, results of operations, plans, objectives, performance or business developments. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management’s expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

DESCRIPTION OF THE BUSINESS

SoLVBL is an innovative cybersecurity and data authentication company. The Company's mission is to empower, better, faster decisions by developing a universal standard for establishing digital record authenticity. Q by SoLVBL™, is a proprietary technology platform of the Company, designed to be easy to use and adopt, economically priced and provide digital record authentication at very high speed. Q by SoLVBL™ allows organizations to establish trust in their data. The Company is currently pursuing the following verticals: chain of custody for digital evidence; including, NG-911, data used in the financial sector, medical applications and critical IoT infrastructures.

Corporate Overview

SoLVBL (formerly Stowe One Investments Corp. (“Stowe One”) was incorporated under the laws of the Province of British Columbia on June 16, 2017. Stowe One was incorporated as a wholly-owned subsidiary of Anacott Resources Corp. (“Anacott”). Stowe One entered into an arrangement agreement dated June 26, 2017 among Anacott, Stowe One and other subsidiaries of Anacott (the “Anacott Arrangement Agreement”) in connection with a plan of arrangement (the “Anacott Arrangement”), which was approved by the shareholders of Anacott on July 27, 2017. On July 28, 2017, the Court granted the Final Order approving the Arrangement in accordance with Part 9 of the BCBCA and Stowe One was spun out and became a reporting issuer in Alberta and British Columbia.

Since the completion of the Anacott Arrangement until the closing of the Amalgamation (“Closing”), Stowe One did not carry on any active business other than the identification and evaluation of acquisition opportunities to permit Stowe One to acquire a business or assets in order to conduct commercial operations.

Prior to the Closing, Stowe One did not have any business operations or assets other than cash, and did not have written or oral agreements in principle for the acquisition of an asset or business other than the Amalgamation Agreement. Immediately prior to Closing, Stowe One changed its name to “Solvbl Solutions Inc.”

Qualified Transaction

On December 21, 2018, Agile Blockchain Corp. (“Agile”) signed an amalgamation agreement (“Amalgamation Agreement”) with Stowe One and 1191212 BC Ltd. (“1191212” or “Subco”), a wholly-owned subsidiary of Stowe One. Under the terms of the Amalgamation Agreement, Agile agreed to amalgamate with 1191212 and proposed to combine the business and assets of Stowe One and Agile through the amalgamation (the “Transaction”), among other things, this would result in the Stowe One shares having a deemed value of \$0.07 per share. As of the date of the Amalgamation Agreement, Stowe One had a total of 7,214,607 shares outstanding.

In April and November 2020, Agile raised \$731,205 and \$9,021, respectively, by way of a non-brokered private placement at a price of \$0.15 per common share in the capital of Agile (“Agile Common Share”).

The Transaction was completed on February 10, 2021 and immediately prior to the closing of the Transaction, Stowe One changed its name to SoLVBL Solution Inc. and consolidated its share capital on the basis of one post-consolidation common shares for each 2.1428571 pre-consolidation common shares, with total 3,366,817 post-consolidation shares issued.

Under the terms of the Amalgamation Agreement between the Stowe One (now SoLVBL), Agile and Subco, dated effective December 21, 2018, as amended and restated effective August 14, 2020, the Transaction was completed by way of a three-cornered amalgamation under the laws of British Columbia whereby Subco merged with and into Agile to form an amalgamated entity, named "1191212 BC Ltd.". On closing of the Transaction, the amalgamated "1191212 BC Ltd." became a wholly-owned subsidiary of SoLVBL and the shareholders of Agile were issued one common share of SoLVBL (“Common Shares”) in exchange for one Agile Common Share held immediately prior to the completion of the Transaction. In addition, each outstanding option to purchase Agile Common Shares was exchanged for the equivalent number of options to purchase Common Shares on the same terms and conditions as the original security.

Following the completion of the Transaction, SoLVBL had 80,836,397 Common Shares issued and outstanding, approximately 4.2% of which are held by the prior shareholders of Stowe One and approximately 95.8% of which are held by the former shareholders of Agile.

In connection with the completion of the Transaction, all directors and officers of Stowe One resigned and were replaced by nominees of Agile, as follows: (a) Raymond Pomroy - Chief Executive Officer and Corporate Secretary; (b) Khurram Qureshi - Chief Financial Officer; (c) Vikas Gupta - Director; (d) Musabbir Chowdhury- Director; (e) Brenda Brown - Director; and (f) Alan Rootenberg - Director.

The fair value of the consideration issued for the net assets of Stowe One at the closing of the Transaction is as follows:

| | |
|--|-----------------------|
| Deemed issued shares of the Company | 3,366,817 |
| Price per share | <u>0.15</u> |
| Cost of acquisition | 505,022 |
| Fair value of Stowe One net assets: | |
| Cash | 164 |
| Accounts Receivable | 5,568 |
| Accounts Payable and Accrued Liabilities | (14,084) |
| Amount due to Agile | <u>(235,000)</u> |
| | 243,352 |
| Listing expense | <u>748,374</u> |

CORPORATE HIGHLIGHTS

On February 23, 2021, the Company commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol “SOLV”.

BUSINESS OF THE COMPANY

On December 13, 2021, SoLVBL announced the launch of a 12-month online marketing campaign through AGORACOM for the purposes of targeting new potential investors that would be specifically interested in the Company’s business model, as well as engaging current shareholders. The Company is paying \$0 in cash for the program due to AGORACOM’s cashless and fully compliant shares for services program.

PRODUCTS OF SOLVBL

Q by SoLVBL™

Q by SoLVBL™ implements key characteristics of blockchain technology without some of its bottlenecks: Traditional blockchain technologies (2018 and prior) have been constrained to <100 transactions/second. Recent developments have attempted to bypass these limitations, with

varying degrees of success. Noteworthy academic articles have shown some results in the 10K-20K range. The Company's internal testing results have shown that **Q by SoLVBL™** can perform transactions in excess of 100,000 per second.

The effectiveness and efficiency of **Q by SoLVBL™** is currently being documented by Sonam Kaul, an independent cryptographer who was retained by the Company. **Q by SoLVBL™** comprises the following features:

- **Immutability:** One of the most attractive/useful features of blockchain / distributed ledger technologies are their ability to render data immutable (i.e., cannot be altered or deleted after the fact) and to provide non-repudiation (i.e. once a record exist, its author cannot claim it doesn't or that they are not its author).
- **Speed:** Solvbl features can be achieved without the technical limitations and bottlenecks which have historically afflicted blockchains. Internal testing at Solvbl has shown results in the greater than 100K transactions per second range. The development of **Q by SoLVBL™** is ongoing and will continue into the future, such that throughputs in excess of a hundred and fifty thousand per second will be achieved;
- **Secure:** No leakage of data into the public domain;
- **Integration:** The application of **Q by SoLVBL™** sits above and interact with existing software applications. The use of **Q by SoLVBL™** is both software and data agnostic. Any current state system should be able to use **Q by SoLVBL™** to its advantage, providing it with a court-admissible audit trail, with very little effort needed for the integration itself;
- **SaaS and Other Features:** Solvbl operates its **Q by SoLVBL™** network as software as a service (SaaS). Solvbl's client firms are able to utilize their current software infrastructure without interruption while API's connect to their currently installed software. Solvbl will not replace a client's database or other programs, but conducts and registers transactions of all descriptions: RFP's, purchase orders, invoices, payments and many other similar transactions. These transactions are secured using **Q by SoLVBL™** and are made available to all entities that are enabled by the client firm, thus allowing authentication of data prior to use.

Principal Markets

There is an increasing realization that cybersecurity and data integrity are growing in importance for even small sized Businesses. There is a history of attacks and losses at financial Institutions plus the recent spate of ransomware attacks on a range of industries has increased this awareness. This is a positive for the business development of Solvbl's solutions. Solvbl is targeting five verticals for the sale of **Q by SoLVBL™**. These are 1) Financial Institutions; 2) Next Generation (NG) 911; 3) Law enforcement agencies; 4) **Non Fungible Token ("NFT")** applications; and 5) Healthcare sector.

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SoLVBL Solutions Inc.

Management's Discussion & Analysis

For the three and six months ended June 30, 2022

1) **Financial Institutions**

The initial focus will be on the major banks headquartered in New York and two of the main money transfer networks, the Swift Network and Fed Net. The initial approach will be to offer authentication of financial transactions. However, banks and financial institutions use data for more than payments. AI, Big Data and the use of algorithms are driven by the large amounts of data collected by these businesses. It is crucial that data is not altered or compromised prior to use. Once established, *Q by SoLVBL™* will look to expand its use and target the range of applications that could benefit from data authentication.

2) **Digital Chain of Custody**

a. Next Generation 911 (“NG 911”)

The USA is committed to updating its 911 system for the digital age. The existing system based on connection via landlines will be replaced by a system capable of handling a variety of digital connections, such as video, photo, texts and inputs from cell phones. There is a growing awareness that this data will need to be preserved in case of future legal actions. A digital chain of custody for this digital data will need to be established. This is a function that *Q by SoLVBL™* can fulfill.

b. Police Agencies

Increasingly crime and criminal investigations involve evidence in digital form. Police Agencies currently have a process for a digital chain of custody but it is cumbersome and growing ever more expensive as the digital aspect of crimes increases. *Q by SoLVBL™* can offer the chance to simplify and streamline this process and to offer the ability to significantly reduce costs.

c. Non Fungible Token (“NFT”) applications

NFTs solve the issue of uniqueness and a one-of-a-kind asset type. Popular collectibles such as digital art, music, and other digital collectibles — which we value and treasure, which are unique, valuable to us, and serve a purpose in digital networks, which can be secured by *Q by SoLVBL™*.

3) **Healthcare Sector**

Along with theft and destruction, equally as damaging is the forgery of digital data. Altering, editing or in any way changing the data in medical records could lead to life threatening consequences for patients and potential economic collapse for businesses. Additionally, actions and decisions based on incorrect data can expose medical institutions to legal liability and reputational damage costing millions. We are looking at regional and provincial healthcare agencies to assist them in protecting medical records.

Distribution Methods

Currently the Company is in the process of hiring experienced sales professionals with a view to build a sales organization for Solvbl. Currently there is a sales arrangement in place with a New York based company to target the major New York banks, which the Company anticipates will evolve over time into a Solvbl sales force dedicated to the financial world. The Company is currently working on the sales strategy for NG911 clients and for police agencies. The Company also has sales arrangements to approach a provincial healthcare market. All will initially be sold via alliances with existing software providers to these markets.

To further establish the brand, Solvbl has established a relationship with a marketing professional who is advising the Company on all matters related to brand building.

The head office of Solvbl has been moved to First Canadian Place, 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C7 since July 1, 2021, from its original office that located at 15 Toronto Street, Suite 602, Toronto Ontario, Canada.

The registered office of the Company is located at 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver BC V7X 1T2, Canada.

Market Trends

The Colonial Pipeline ransomware attack has brought to the general public's attention the importance of cybersecurity. Cybersecurity aimed at preventing hackers accessing data clearly is not foolproof. A data breach is a security violation in which sensitive, protected or confidential data is copied, transmitted, stolen or used by an individual unauthorized to do so.

Q by SoLVBL™ doesn't prevent data breaches, however it allows data to be authenticated prior to unauthorized use, thus any manipulation of the data by any party is immediately detected, thereby minimizing the damage caused by a data breach where it is the hackers purpose to change data for fraudulent purposes.

The cybersecurity market size was valued at \$149.67 billion in 2019 and is projected to reach \$304.91 billion in 2027, growing at a CAGR of 9.4% from 2020 to 2027. North American accounts for a 45% market share. (Source: Cyber Security Market Report, Allied Market Research Nov., 2020).

The cybersecurity software segment has led the global cybersecurity market, owing to the need for safeguarding business data and to prevent loss from cyber-attacks, the demand for strong authentication methods specially after rapid adoption of remote working technology, post COVID-19.

The projected growth of the cybersecurity market reflects the growing number of attacks, data breaches and ransomware incidents plus the changing nature of work itself. *Q by SoLVBL™* has a key role to play in allowing data to be authenticated prior to use, thus reducing the ability of hackers to use data for fraudulent purposes.

Summary of Selected Quarterly Financial Information

The following table sets out selected historical financial information for the eight most recently completed quarters ending at June 30, 2022. An analysis of the information contained in this table are set out below under the “Results of Operations” and “Liquidity and Capital Resources”:

| For the three months ended | Jun 30, 2022 (\$) | Mar 31, 2022 (\$) | Dec 31, 2021 (\$) | Sept 30, 2021 (\$) | June 30, 2021 (\$) | Mar 31, 2021 (\$) | Dec 31, 2020 (\$) | Sept 30, 2020 (\$) |
|---------------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|
| Revenues | - | - | - | - | - | - | - | - |
| Net and comprehensive income / (loss) | (538,558) | (460,675) | (551,662) | (550,310) | (419,070) | (874,535) | (293,031) | (180,005) |
| Basic (loss) per share | (0.00) | (0.00) | (0.02) | (0.00) | (0.01) | (0.01) | (0.00) | (0.00) |
| Diluted (loss) per share | (0.00) | (0.00) | (0.02) | (0.00) | (0.00) | N/A | N/A | N/A |
| Total assets | 1,367,896 | 1,826,340 | 2,257,465 | 2,720,206 | 237,015 | 379,855 | 654,265 | 792,799 |
| Long-Term Liabilities | 58,740 | 58,126 | 57,526 | 56,919 | 280,831 | 311,066 | 244,434 | 256,271 |

Results of Operations

The following is a breakdown of the Company’s overall operational highlight comparison of the three and six months ended June 30, 2022 and 2021

| | Three months ended June 30 | | Six months ended June 30 | |
|-------------------------------------|----------------------------|-------------|--------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | \$ - | \$ - | \$ - | \$ - |
| Professional and Consulting Fees | 195,783 | 163,607 | 322,298 | 290,589 |
| Salaries and Benefits | 116,535 | 122,535 | 223,848 | 266,870 |
| General and Administrative Expenses | 41,848 | 35,008 | 66,916 | 49,801 |
| Shareholder services | 130,094 | 133,050 | 244,466 | 156,817 |
| Listing expense | - | - | - | 748,374 |
| Share-based Compensation | 54,097 | 2,073 | 141,749 | 7,200 |
| Amortization Expenses | 431 | 5,348 | 861 | 13,064 |
| Loss from Operations | (\$538,788) | (\$461,621) | (\$1,000,138) | (\$1,532,715) |

Six months ended June 30, 2022

The Company reported loss from operations for the six months ended June 30, 2022 of \$1,000,138 (\$0.00 per share) as compared to a loss from operations for the six months ended June 30, 2021 of \$1,532,715 (\$0.00 per share). A decrease in loss from operation of \$532,577 or 34.7% for the six months ended June 30, 2022 over the same period ended June 30, 2021, primarily caused by the \$Nil of listing expenses incurred in 2022 (2021: \$748,374) together with increased professional fees, shareholder services expenses and share-based compensation that recorded as a result of increased business volume since the Company listed as a public company.

\$Nil revenue generated in the six months ended June 30, 2022 and 2021.

\$Nil cost of sales incurred in the six months ended June 30, 2022 and 2021.

Professional and consulting fees were \$322,298 for the six months ended June 30, 2022, compare with \$290,589 for the same period in 2021, an increase of \$31,709 or 10.9%. This increase was a combination result of less legal services incurred together with new consulting services engaged in six months ended June 30, 2022.

Salaries and benefits were \$223,848 for the six months ended June 30, 2022 compared with \$266,870 for the same period in 2021, a decrease of \$43,022 or 16.1%. This decrease was as a combined result that the Company increased annual salaries for its employees since November 2021 and reduced employee head counts.

General and administrative expenses were \$66,916 for the six months ended June 30, 2022 compared with \$49,801 for the same period in 2021, an increase of \$17,115 or 34.4%. This increase was as a result of increased of public company expenses in the six months ended June 30, 2022.

Shareholder services were \$244,466 for the six months ended June 30, 2022 compared with \$156,817 for the same period in 2021, increased of \$87,649 or 55.9%. This increase was mainly caused by the increased services the Company has engaged after going public regarding management consulting, marketing and shareholders relationship maintenance.

Share-based compensation were \$141,749 for the three months ended June 30, 2022 compared to \$7,200 for the same period in 2021, increased of \$134,549 or 1,868.7%. This increase was due to the Company having granted 4,950,000 stock options in November 2021; most of the stock options granted before 2020 were fully vested in 2020 hence no significant expenses recognized in the six months ended June 30, 2021.

Three months ended June 30, 2022

The Company reported loss from operations for the three months ended June 30, 2022 of \$538,788 (\$0.00 per share) as compared to a loss from operations for the three months ended June 30, 2021 of \$461,621 (\$0.00 per share). An increase in loss from operation of \$77,167 or 16.7% for the three months ended June 30, 2022 over the same period of 2021, primarily caused by the increased professional fees, general and administrative expenses and share-based compensation, together with decreased salaries and benefits and shareholder services expenses.

\$Nil revenue generated in the three months ended June 30, 2022 and 2021.

\$Nil cost of sales incurred in the three months ended June 30, 2022 and 2021.

Professional and consulting fees were \$195,783 for the three months ended June 30, 2022, compare with \$163,607 for the same period in 2021, an increase of \$32,176 or 19.7%. This increase was a combination result of less legal services incurred together with new consulting services engaged in three months ended June 30, 2022.

Salaries and benefits were \$116,535 for the three months ended June 30, 2022 compared with \$122,535 for the same period in 2021, a decrease of \$6,000 or 4.9%. This decrease was as a combined result that the Company increased annual salaries for its employees since November 2021 and reduced employee head counts.

General and administrative expenses were \$41,848 for the three months ended June 30, 2022 compared with \$35,008 for the same period in 2021, an increase of \$6,840 or 2%. This increase was as a result of increased of public company expenses in the three months ended June 30, 2022.

Shareholder services were \$130,094 for the three months ended June 30, 2022 compared with \$133,050 for the same period in 2021, decreased of \$2,956 or 2.2%. This decrease was mainly caused by periodic difference of services engaged in the two comparing periods.

Share-based compensation were \$54,097 for the three months ended June 30, 2022 compared with \$2,073 for the same period in 2021, increased of \$52,024 or 2,509.6%. This increase was due to the Company having granted 4,950,000 stock options in November 2021; most of the stock options granted before 2020 were fully vested in 2020 hence no significant expenses recognized in the three months ended June 30, 2021.

Liquidity and Capital Resources

The Company intends to use its funds to meet funding requirements for business development and new customer deployments based on anticipated market demand. Actual funding requirements will vary depending on a variety of factors, including the success in executing our business plan, the progress of our product and business development efforts, our sales and our ability to manage our working capital requirements. Our existing cash balances and cash generated from operations, cash proceeds from new debt and equity financing will be required to meet our anticipated cash needs for working capital, growth capital and capital expenditures for the foreseeable future.

As at June 30, 2022, the Company had cash and cash equivalents of \$314,633 as compared to \$1,278,722 as at December 31, 2021. Total current assets amounted to \$1,356,947, including \$800,000 one-year-locked GIC investments (December 31, 2021: \$2,251,725, including \$650,000 one-year-locked GIC investments), with current liabilities of \$227,294 (December 31, 2021: \$260,593) resulting in working capital of \$1,129,653 (December 31, 2021: \$1,199,132). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its developed products, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern.

The table below is a summary of cash inflows and outflows by activities for the six months ended June 30, 2022 and 2021:

| | 2022 | 2021 |
|-----------------------------------|-------------|-------------|
| Cash outflows by activity: | | |
| Operating activities | (808,019) | (275,826) |
| Investing activities | (806,070) | - |
| Financing activities | - | 54,500 |
| Net cash outflows | (1,614,089) | (221,326) |
| | | |
| Cash , beginning of period | 1,928,722 | 225,281 |
| Cash , end of period | 314,633 | 3,955 |

Operating activities

During the six months ended June 30, 2022, cash used in operating activities was \$808,019 compared with cash used in operating activities of \$275,826 during the same period in 2021.

Investing activities

In the six months ended June 30, 2022, \$806,070 cash spent in investing activities, represented as \$800,000 one-year-locked GIC investments and \$6,070 computer equipment purchased, \$Nil spent in investing activities for the same period in 2021.

Financing activities

During the six months ended June 30, 2022, \$Nil cash generated from financing activities, compared to \$10,000 cash generated from stock options exercise and \$44,500 cash received as shareholders' loans in the same period of 2021.

Share capital

SoLVBL's authorized share capital consists of an unlimited number of Common Shares without par value. All the common shares have the same rights in respect of the distribution of dividends and the repayment of capital.

Authorized

Unlimited common shares

| | Number of Shares | Amount |
|--|-----------------------------|---------------------|
| Balance as at January 1, 2020 | 72,534,747 | \$ 1,543,663 |
| Private placement (April 1, 2020) | 87,999 | 13,200 |
| Private placement (April 15, 2020) | 4,786,700 | 718,005 |
| Private placement (November 2, 2020) | 60,140 | 9,021 |
| Share issuance cost | | (42) |
| Balance as at December 31, 2020 | 77,469,586 | \$ 2,283,847 |
| Common shares acquired through RTO | 3,366,811 | 505,022 |
| Stock options exercised | 100,000 | 10,000 |
| Private placement on July 23, 2021 | 50,000,000 | 1,899,900 |
| Financial advisory service | 3,333,333 | 126,667 |
| Debt settlement | 4,930,000 | 208,340 |
| Private placement on July 30, 2021 | 13,333,333 | 620,400 |
| Share issuance cost | | (473,273) |
| Balance as at December 31, 2021 and June 30, 2022 | 152,533,063 | \$ 5,180,903 |

As at June 30, 2022, there were 152,533,063 Common Shares outstanding (152,533,063 – as at December 31, 2021).

As at June 30, 2022, the Company has 76,735,887 warrants outstanding (76,735,887 – as at December 31, 2021).

As at June 30, 2022 the Company has 10,661,666 stock options outstanding, (10,736,666 – at December 31, 2021).

Off balance sheet arrangements

At the date of this MD&A, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Contractual obligations

With the exception of the Amalgamation Agreement described earlier, there are no other significant contractual obligations.

Risk Factors

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business.

Management

Dependence on key personnel, contractors and service providers, shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Impact of Covid-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specially identified as "COVID- 19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the

COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

Additional Funding and Financing Risk

Additional funds will be required for future development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Uninsured Hazards

The Company currently carries no insurance coverage. The potential costs that could be associated with any liabilities not covered by insurance or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial position.

Conflicts of Interest

Certain Directors and Officers of the Company also serve as Directors and officers of other companies involved in the technology sector. Consequently, there exists the possibility that such Directors or Officers may be in a position of conflict of interest. Any decision made by such Directors or Officers involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

General Venture Company Risks

The common shares must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the common shares should only be considered by those persons who can afford a total loss of investment and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in common shares.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has achieved

or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

Marketing and Distribution Capabilities

In order to commercialize its technology, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market certain of its products, the Company must either acquire or develop a sales and distribution infrastructure. In order to maximize sales of other products, the Company may determine that it needs to either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its management and key personnel and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

Rapid Technological Development

The markets for the Company's products and services are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Company's products or which render the products currently sold by the Company obsolete or less marketable.

The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts and result in increased operating expenses.

Competition

The Company's industry is competitive and composed of several foreign companies. The Company expects to experience competition from competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing processes. Although the Company considers certain of its product designs as well as manufacturing processes involving certain of its products to be proprietary, patents or copyrights do not protect all design and manufacturing processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

Critical accounting estimates

The preparation of the condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed interim consolidated financial statements.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results could differ from the estimates used under different assumptions and conditions.

The most significant judgments applying to the Company's financial statements include:

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty. These financial statements have been prepared based on the going concern assumption, which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The assessment is based upon planned actions that may or may not occur for several reasons including the Company's own resources and external market conditions;

- Impairment of non-financial assets - Non-financial assets include property and equipment, and the right of use assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate and cash flow projections;
- Leases renewal terms and incremental borrowing rate - Judgement is required at the inception of a lease as to whether payments associated with future renewal options are included or excluded from the calculation of the lease liability. Management must assess the likelihood of such options being exercised based on factors such as lease rates, improvements made and cost associate with exiting. Additionally, the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company Union estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific risk adjustments.
- Revenue recognition - Judgement is required in identifying the contract with the customer, identifying the performance obligations, determining the individual transaction price and allocating said price to the individual performance obligations making up the contract. Revenue is recognized only when it is probable that the economic benefits associated with a transaction will flow to the Company, and when the amount of revenue can be reliably measured.
- Provisions - Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the financial statements of financial position and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has

occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

Significant estimates or key sources of estimation uncertainty include:

- Current and deferred income taxes - Current income taxes require significant estimation in their calculation including the consideration of allowable deductions and tax rates. In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax positions taken will be sustained upon examination by applicable tax authorities.
- Allowance for expected credit losses - Management determines expected credit loss by evaluating individual receivable balances and considering customers' financial condition, customer creditworthiness, current economic trends and experience. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the year ended.
- Useful lives of non-financial assets - The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluations and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets;
- Share-based payment transactions and warrants - The Company measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions require determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield of the share option and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Changes in accounting policies including initial adoption

There were no new accounting standards adopted by the Company in the three and six months ended June 30, 2022.

Going Concern

As at June 30, 2022, the Company had an accumulated deficit amounting to \$6,598,196 (December 31, 2021: \$5,598,963). As at June 30, 2022, the Company had working capital of \$1,129,653 (December 31, 2021: \$1,991,132). The Company has generated negative operating cashflow of \$808,019 for the six months ended June 30, 2022 (2021: \$275,826). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its developed products, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The accompanying condensed interim consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The financial statements do not include any adjustments to reflect any events since June 30, 2022 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.

Internal Controls Over Financial Reporting and Disclosure of Controls and Procedures

The Company's Chief Executive Officer and the Chief Financial Officer are responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting during the Company's most recent period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Related Party Transactions & Key Management Compensation

Key management is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company's key management personnel include founders of the company and other key senior executives.

During the six months ended June 30, 2022 and 2021 remunerations of key management of Company were as follows:

| | 2022 | 2021 |
|---------------------------|---------|---------|
| Salaries and service fees | 131,500 | 104,000 |
| Share based compensation | 113,539 | 7,200 |

The Company's related parties comprise its key management: CEO, CFO, and Directors of the Company. There were no other related party transactions for the six months ended June 30, 2022 and 2021.

As of June 30, 2022 and December 31, 2021, the amount due to related party balances were \$5,400 and \$8,300, respectively. The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing, unsecured and with no fixed repayment terms.

No stock options were granted to related parties in the six months ended June 30, 2022 and 2021.

Equipment

During the six months ended June 30, 2022 and year ended December 31, 2021 the Company has engaged the following equipment in its operation:

| | Blockchain Hardware | Computer Equipment | Total |
|--|------------------------|-----------------------|-------------|
| <i>Cost</i> | | | |
| Balance, January 1, 2021 and December 31, 2021 | \$ 3,989 | \$ 16,710 | \$ 20,699 |
| Additions | - | 6,070 | 6,070 |
| Balance, June 30, 2022 | \$ 3,989 | \$ 22,780 | \$ 26,769 |
| <i>Accumulated depreciation</i> | | | |
| Balance, January 1, 2021 | (\$ 1,521) | (\$ 10,978) | (\$ 12,499) |
| Additions | (740) | (1,720) | (2,460) |
| Balance, December 31, 2021 | (2,261) | (12,698) | (14,959) |
| Additions | (259) | (602) | (861) |
| Balance, June 30, 2022 | (\$ 2,520) | (\$ 13,300) | (\$ 15,820) |
| <i>Net book value, December 31, 2021</i> | \$ 1,728 | \$ 4,012 | \$ 5,740 |
| <i>Net book value, June 30, 2022</i> | \$ 1,469 | \$ 9,480 | \$ 10,949 |

Financial instruments and risk exposures

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

Financial instruments included in the statement of the financial position as at June 30, 2022 consist of cash, accounts payable and accrued liabilities with period-end carrying amount which approximates their respective fair values.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: credit risk, foreign exchange risk, liquidity risk and cash flow risk.

(c) 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 the liquidity of its cash and receivable balance. As at June 30, 2022, the Company carried \$Nil trade receivable.

(d) Foreign exchange risk

The Company is not exposed to any significant foreign exchange risk. The Company did not have any hedges or any other transactions related to foreign currency clearance at the time that these financial statements were issued. In the opinion of management, the foreign exchange risk exposure to the Company is low.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity risk through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities.

The Company's cash flow is generated from debt financing or equity raises.

The Company monitors cash on a regular basis and reviews expenses to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly

cash commitments are managed within the Company's operating cash flow capabilities.

As at June 30, 2022, the Company had a cash and cash equivalents balance of \$314,633. The following table summarises the gross amount and maturity periods of the Company's contractual obligations of financial instruments as of June 30, 2022:

| | <u>Within 1 year</u> |
|--|----------------------|
| Accounts payable and accrued liabilities | <u>\$ 82,239</u> |

(f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. In the opinion of management, the cash flow risk exposure to the Company is low.

Subsequent Events

On July 5, 2022, the Company announced that that it has a Patent pending with the US Patent and Trademark Office ("USPTO") related to its method and system for deployment of an authentication seal in secure digital voting. The Company was previously granted a patent by the USPTO for its "Method and System for Authentication Seal Deployment in Networked Immutable Transactions", the underlying technology to the current patent application for secure digital voting, shareholder voting, and potentially voting in all aspects.

On July 21, 2022, the Company announced a successful completion of the User Experience / User Interface design project with KRFTWRK Inc. The Company also announced that it has entered into a Product Development agreement with Bit Complete Inc., a Toronto, Ontario based leading digital product design and development company, to develop an administrative web application that will provide an enhanced user experience for the Company's cybersecurity and data authentication products.