



**nDatalyze Corp.**  
**Management Discussion and Analysis**  
*For the six months ended August 31, 2023*

This management's discussion and analysis ("**MD&A**") of **nDatalyze Corp.** (the "Company" or the "Corporation" or "nDatalyze" or "NDAT") contains an analysis of the Company's operational and financial results for the six months ended August 31, 2023. This MD&A has been prepared by management as of October 16, 2023 and has been approved by the Company's Board of Directors. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended February 28, 2023 and the Company's unaudited interim condensed consolidated financial statements for the six months ended August 31, 2023 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Additional information about nDatalyze is available on the Company's website ([www.ndatalyze.com](http://www.ndatalyze.com))

The Company's first public trading date was October 24, 2019, listed on the Canadian Securities Exchange (CSE:NDAT) (OTC:NDATF). The unaudited condensed consolidated financial statements include the accounts of nDatalyze Corp. and its wholly-owned subsidiary, 2273670 Alberta Ltd.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise. The Company's most recent filings are available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed through the internet at [www.sedar.com](http://www.sedar.com).

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains "forward-looking information" within the meaning of Canadian securities legislation concerning the business, operations and financial performance and condition of the Company. Statements containing forward-looking information include, but are not limited to, statements with respect to anticipated developments in the Company's operations in future periods; planned activities; the adequacy of the Company's financial resources and other events or conditions that may occur in the future; the ability of the Company to create value for its shareholders; the ability of the Company to meet expected financing requirements. Generally, statements containing forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved". Statements containing forward-looking information are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such statements, including but not limited to risks related to: current global financial conditions; the need for additional financing and its availability on acceptable terms; the speculative nature of the cannabis industry; the ability to satisfy the financial needs required to maintain the Company's status as a going concern; the early stage of the Company's operations; the Company's need to rely on technical experts, which may not be available; future dilution to existing shareholders; certain uninsured or uninsurable risks; adverse effects on share prices from factors beyond the Company's control; as well as other factors discussed herein. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those expected in statements containing forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information that is included herein, except in accordance with applicable securities laws.

## **The Business**

nDatalyze Corp. generates technology-based solutions. Its machine-learning processed, online consumer mental health application known as "YMI" is based on the Corporation's proprietary Reference Database consisting of >1200 biometric records complete with associated electroencephalogram ("EEG") data. Created by doctors, psychotherapists, data scientists and other experts, YMI was designed to address one of the biggest problems currently facing the mental health system: Access to clinical resources. The predictive survey generates a population normal baseline and uses supervised artificial intelligence to generate insights on the degree of how individuals' genetic expressions, childhood and life experiences affect their mental wellbeing. It then provides resources to connect with qualified experts for treatment. A Clinical Study process has begun in collaboration with Mitacs who, for over 20 years, has assisted organizations in reaching their goals, has funded cutting-edge innovation, and has created job opportunities for students and postdocs. The Clinical Study is believed to be required in advance of adoption of YMI by healthcare systems and other commercial users.

### **CO2 and Alcohol Extractors (MedXtractor division)**

With installations worldwide, its MedXtractor division manufactures and sells small-scale pressurized gas and alcohol extractors that are used to extract compounds from a variety of botanical biomasses. The Company's technologies are 100% owned by the Company and there are no royalties or payments of any kind payable to any party anywhere in the world. We have experienced reduced customer inquiries and demand, supply chain disruptions, and increased government regulations, all of which have negatively impacted the Company's business and tempered our sales growth curve.

US Federal Legalization - with greater than 50% of our extractor sales being to the U.S., the lack of US Federal legalization for cannabis-related operations causes significant obstacles for our Company. These obstacles include border delays, lack of credit/debit card acceptance, and lack of ability to use any cannabis-related keywords on the major online marketing platforms. The combined result is a significant reduction in sales and we do not expect a pickup in sales until these obstacles are removed by US Federal legalization.

## **Corporate Developments, Business Initiative**

### **Proposed Private Placement**

On October 6, 2023 the Company announced a private placement. The Company has arranged a non-brokered private placement to raise gross proceeds of up to \$600,000 through the issuance of up to five million Units at a price of \$0.12 per Unit. Each Unit consists of one common share and one-half of a common share purchase warrant with two warrants required to purchase one common share at \$0.25 for a period of 18 months from the date of issuance. The Company may pay a finder's fee in connection with the private placement to eligible finders, in accordance with the policies of the exchange and applicable securities laws, consisting of: (i) a cash commission of up to 8 per cent of the gross proceeds of the private placement; and (ii) a number of common share purchase warrants equal to up to 8 per cent of the number of shares sold pursuant to the private placement. Two finder's warrants will entitle the holder thereof to acquire one share at a price of \$0.25 for a period of 18 months from the date of issuance. The private placement is subject to approval of the CSE, and all shares and securities of the company issued pursuant to the private placement will be subject to a four-month hold period from the date of issuance.

The Company intends to use the net proceeds of the private placement in furtherance of a Clinical Study related to its YMI machine-learning-based mental health clinical decision system and for general corporate purposes. About YMI: YMI uses evidence-based, objective data from whole life experiences to predict individual mental states over time and applies this knowledge towards a fuller understanding of how mental health develops and to improve mental wellbeing. YMI combines machine-learning with a proprietary Reference Database that contains >1200 person's genetic expressions, childhood environment, habits,

phobias, lived experiences and lifestyle to generate a personalized graphic report predicting an individual's predisposition toward a variety of common mental conditions, both current and forward in time.

**On July 19, 2023 the Company (NDAT) entered a Non-Binding Letter of Intent (LOI) with Empire Hydrogen Energy Systems and on August 15, 2023 Cancelled the LOI**

On completion of nDatalyze due diligence, it was determined that the Company did not want to continue the business combination.

### **Operating Performance and Outlook**

For the six months ended August 31, 2023, the Company had a net income of \$109,684 (six months ended August 31, 2022 net loss \$510,576) and cash flows used by operating activities of \$123,272 (six months ended August 31, 2022 cash flows used in operating activities - \$597,001).

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The below table provides details of operating results for the three and six months ended August 31, 2023 compared to 2022:

	Three months ending	Three months ending	Six months ending	Six months ending
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
<b>Revenues</b>				
Sales (Note 11)	\$ 37,283	\$ 34,294	\$ 50,823	\$ 97,019
Cost of Sales	19,595	21,480	26,144	54,217
<b>Gross margin</b>	<b>\$ 17,688</b>	<b>\$ 12,814</b>	<b>\$ 24,679</b>	<b>\$ 42,802</b>
<b>Expenses</b>				
Depreciation and amortization	\$ 492	\$ 671	\$ 967	\$ 1,134
Advertising and promotion (note 13)	(201,831)	52,397	(185,704)	95,279
Warranty	-	434	83	972
Interest and bank charges	95	784	(29)	1,513
Contractors	3,100	10,750	9,767	26,000
Legal, audit, and professional	24,581	9,755	30,469	27,481
Travel, meals and entertainment	6,505	8,457	7,958	10,262
Research and development	23,975	84,926	43,414	208,545
Insurance	(2,000)	1,784	-	3,580
Investor relations	6,046	86,404	8,407	168,909
Office expenses	721	911	1,386	6,961
Accounting	3,000	2,200	5,000	4,000
Rent	2,100	2,100	4,200	4,200
Utilities	287	186	606	505
<b>Total expenses</b>	<b>\$ (132,929)</b>	<b>\$ 261,759</b>	<b>\$ (73,476)</b>	<b>\$ 559,341</b>
<b>Other Income</b>				
Foreign exchange gain (loss)	\$ 59	\$ 231	\$ 433	\$ 231
Interest Income	5,470	4,015	11,096	5,732
<b>Total other income</b>	<b>\$ 5,529</b>	<b>\$ 4,246</b>	<b>\$ 11,529</b>	<b>\$ 5,963</b>
<b>Net operating income (loss) and comprehensive income (loss)</b>	<b>\$ 156,146</b>	<b>\$ (244,699)</b>	<b>\$ 109,684</b>	<b>\$ (510,576)</b>

## Results of Operations

Revenue declines was experienced as the result of reduced advertising and no US Federal cannabis legalization which is expected to continue to dampen revenues going forward.

Advertising and promotion – includes costs for website development, development of YMI consumer advertising programs, digital and print advertising and promotion. The Company has terminated its service agreement with a significant vendor and disputed \$217,739 in unpaid invoices which was included in accounts payables and accruals as at February 28, 2023. The final outcome of this dispute has not yet been determined.

As at August 31, 2023 the Company estimates amounts payable as nil and has recorded a \$217,739 recovery of advertising and promotion expenses in the quarter ended August 31, 2023.

Research and development - 2022 research and development costs were considerably higher, largely costs associated with development of the Reference Database. The Company reported >1,250 reference records. The Company's mental health guidance grid known as a Contextualizer is designed to be used in combination with associated EEG data to predict probabilities for seven underlying mental health conditions.

Investor relations – During 2022 the Company increased efforts to increase potential investor awareness and the Company achieved a US OTCQB quotation in order to facilitate trading in our shares by US investors. Due to lack of US trading volume and cash management policies, the Company relinquished its OTCQB quotation and its US quotation is now on the OTC Pink market.

## Summary of Quarterly Results

	Aug 31, 2023	May 31, 2023	Feb. 28, 2023	Nov. 30, 2022	Aug 31, 2022	May 31, 2022	Feb. 28, 2022
	\$	\$	\$	\$	\$	\$	\$
Revenue	37,283	13,540	36,686	37,510	34,294	62,725	68,475
Cost of Sales	19,595	6,549	14,329	57,825	21,480	32,737	30,060
Gross Profit	17,688	6,991	22,357	(20,315)	12,814	29,988	38,415
Expenses (cash)	(133,421)	58,978	523,192	211,186	261,088	296,755	1,006,049
Expenses (non-cash)	492	475	475	598	671	463	717
Other income	5,529	6,000	5,496	6,022	4,246	1,717	1,195
Income/(loss)	156,146	(46,462)	(495,814)	(226,077)	(244,699)	(265,966)	(967,156)
Net loss per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.03)
Total assets	699,933	778,403	862,007	1,081,010	1,304,303	1,571,525	1,710,721
Total long term liabilities	-	-	-	-	-	-	-
Cash dividend per share	-	-	-	-	-	-	-
Shares outstanding	38,712,425	38,712,425	38,712,425	38,712,425	38,712,425	38,712,425	37,921,425

## Liquidity and Capital Resources

At August 31, 2023, the company had working capital of \$658,750 (February 28, 2023 - \$550,723) including cash of \$616,844.

The Company's objective when managing capital is to maintain the confidence of shareholders and investors in the implementation of its business plans by maintaining sufficient levels of liquidity to fund and support its development as well as other corporate activities. The Company's capital historically has been derived from the issuance of equity. Management monitors its financial position on an ongoing basis.

Financial statements have been prepared on a going concern basis which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company is authorized to issue an unlimited number of common shares without par value.

## Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

## Changes in Accounting Policies

None

## Financial Instruments

The Company, as part of its operations, carries financial instruments consisting of cash, accounts receivable, and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments.

## Other MD&A Requirements

### Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Equity instruments issued and outstanding:

	October 16, 2023	August 31, 2023	February 28, 2023
Common shares	38,712,425	38,712,425	38,712,425
Warrants and Finders Warrants	-	-	571,380
Stock Options	3,650,000	500,000	3,150,000
Fully Diluted	42,362,425	39,212,425	42,433,805

## Proposed Transactions

See earlier discussion of \$600,000 private placement.

## Subsequent Events

On September 25, 2023, 3,150,000 common share purchase options were granted to directors, officers and consultants of the Corporation exercisable at a price of \$0.08 per share, with a expiration date of September 25, 2025 and vest immediately.

## Contingencies

The Company has terminated its service agreement with a significant vendor and disputed \$217,739 in unpaid invoices which was included in accounts payables and accruals as at February 28, 2023. The final outcome of this dispute has not yet been determined. As at August 31, 2023 the Company estimates amounts payable as nil and has recorded a \$217,739 recovery of advertising and promotion expenses in the quarter ended August 31, 2023.

## Risk Factors

### Industry Risks

The development of the YMI mental health diagnostic tool and Company's Reference Database is relatively recent corporate initiative and while in its early development stage has yet to achieve revenues and commercial application. The Reference Database represents for the Company new biomedical research,

data collection and analysis. Commercialization of such biomedical research has its inherent risk factors. There can be no assurance that YMI will generate future revenues and Company profits.

**Our success may be dependent on foreign markets**

Foreign and ancillary markets are expected to generate the majority of our revenues. Neither foreign nor ancillary markets provide a guarantee of revenue.

**The Company's Risks**

**We have a limited history of operations and unless we are able to successfully execute our business plan, our business and operating results will suffer resulting in the complete failure of our business**

Our operations are subject to all of the risks inherent in the establishment of a new business. The likelihood of our success must be considered in light of the risks, problems, expenses and delays frequently encountered in connection with the formation of a new business in general, as well as the highly competitive environment in which the business is operating. To address these risks, we must, among other things, continue to respond to competitive developments, product failure causing personal injury and property damage, attract, retain and motivate qualified personnel, commercialize products, and implement and successfully execute our marketing strategy and advertising sales strategy. There can be no assurance that we will be successful in addressing such risks.

**We will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm our operating results**

As a public company, we incur significant additional legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We expect these rules and regulations to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly.

**We are currently dependent on our officers and directors for our success and our future operations may require that we can attract and retain qualified employees, which we may not be able to do**

Our current operations are managed by our officers and directors, should our officers and directors resign, we would have no personnel to undertake the operations of the Company and therefore the Company would be adversely affected. We have no key-person insurance policy for our President or any other Officers and/or Directors and at this time we have no intention of acquiring same. Our future operations may depend, in part, on our ability to attract, employ and retain additional qualified employees. No assurance can be given that we will be able to attract or retain such personnel, if required.

**We will rely on consultants and employees and if we are unable to retain these or other similarly qualified individuals, we may not be able to carry out our business operations**

We expect to be dependent upon contract service providers and loss of their services could adversely affect our business and our ability to maintain our operations or develop new products. We have not entered into any employment or non-competition agreements with any individuals and do not plan to in the future. Our success will depend on our ability to attract and retain qualified personnel. If we cannot attract and retain the necessary individuals our operating results will suffer.

**Insufficient Capital**

The Company currently has revenue producing operations but may, from time to time, report a working capital deficit. To maintain its activities, the Company may require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing



such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in failure of the Company and total loss of your investment.

### **Financing Risks**

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since its formation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its equity shares and there is no assurance that any such funds will be available on terms acceptable to the Company, or at all. At present it is impossible to determine what amounts of additional funds, if any, may be required.

### **Foreign Currency Risk**

Foreign currency fluctuations may affect the cash flow which the Company may realize from its operations, since most of its product sales are expected to occur in US dollars whereas the Company's costs are incurred primarily in Canadian dollars.

### **Conflicts of Interest**

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA. To the Company's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company except as otherwise disclosed herein.

### **Insurance**

Directors and Officers (D&O) liability insurance policy expired in April 2022 and the Company currently has no D&O insurance.

## **Additional Information**

Additional information regarding the Company and its business and operations is available on the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ndatalyze.com](http://www.ndatalyze.com).

## **Corporate Information**

### **BOARD OF DIRECTORS:**

James Durward  
G. Steven Price <sup>(1)</sup>  
Dusan Kuzma <sup>(1)</sup>  
Gordon Crawford <sup>(1)</sup>

1) Member of Audit Committee

### **OFFICERS:**

James Durward	-	President, Chief Executive Officer, Corporate Secretary
Dwayne A. Vinck	-	Chief Financial Officer

### **STOCK EXCHANGE LISTING:**

CSE:NDAT  
OTC:NDATF

### **AUDITORS:**

KMSS LLP  
Calgary, Alberta

### **LEGAL COUNSEL:**

Heighington Law  
Calgary, Alberta

### **REGISTRAR AND TRANSFER AGENT:**

Odyssey Trust Company,  
Calgary, Alberta