



nDatalyze Corp.
Management Discussion and Analysis
For the nine months ended November 30, 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 nine months ended November 30, 2023. This MD&A has been prepared by management as of January 10, 2024 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 nine months ended November 30, 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)

The Company's first public trading date was October 24, 2019, and is listed on the Canadian Securities Exchange (CSE:NDAT) and the (USOTC: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.

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-based online 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 two of the biggest problems currently facing the mental health system: misdiagnosis and misprescription. The predictive questionnaire generates a population normal baseline and uses supervised machine-learning 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.

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

In November 2023 the Corporation closed a non-brokered private placement (the "Offering") of units ("Units"). The Offering consisted of 2,315,000 Units for total gross proceeds of \$277,800. Each Unit consisted of one common share and one-half of one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at \$0.25 for 18 months from the date of issuance, subject to accelerated expiry provision.

In connection with the Offering, the Corporation paid eligible finders aggregate cash finders fees of approximately \$4,800 and issued 40,000 finders options to purchase common shares of the Corporation at an exercise price of \$0.25 per common share, within 18 months from the closing date of the Offering.

The Corporation intends to use the gross proceeds of the sale of the Units to pay eligible finder fees to eligible finders, to advance the Corporation's Clinical Study related to its YMI machine-learning-based mental health clinical decision system and for general working capital purposes.

The Offering is subject to all necessary regulatory approvals including acceptance from the Exchange. All securities issued in connection with the Offering will be subject to a four-month plus one day hold period from the closing date under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

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 nine months ended November 30, 2023, the Company had a net loss of \$53,909 (nine months ended November 30, 2022 net loss \$736,289) and cash flows used by operating activities of \$88,780 (nine months ended November 30, 2022 cash flows used in operating activities - \$785,235).

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The below table provides details of operating results for the three and six months ended November 30, 2023 compared to 2022:

	Three months ending	Three months ending	Nine <u>months</u> <u>ending</u>	Nine months ending
	November 30, 2023	November 30, 2022	November 30, 2023	November 30, 2022
Revenues				
Sales (Note 11)	\$ 38,034	\$ 37,510	\$ 88,857	\$ 134,529
Cost of Sales	836	17,825	26,980	72,042
Gross margin	\$ 37,198	\$ 19,685	\$ 61,877	\$ 62,487
Expenses				
Depreciation and amortization	\$ 631	\$ 598	\$ 1,598	\$ 1,732
Inventory impairment (Note 5)	-	40,000	-	40,000
Advertising and promotion (note 16)	18,458	82,367	(167,246)	177,646
Warranty	-	-	83	972
Interest and bank charges	333	372	304	1,885
Contractors	18,000	21,870	27,767	47,870
Legal, audit, and professional	27,371	11,860	57,840	39,341
Travel, meals and entertainment	1,746	2,061	9,704	12,323
Research and development	40,099	16,466	83,513	225,011
Research and development tax credit (Note 13)	(96,003)	-	(96,003)	-
Insurance	-	1,784	-	5,366
Investor relations	45,515	68,370	53,922	236,915
Office expenses	546	674	1,932	7,633
Accounting	1,000	3,000	6,000	7,000
Rent	830	2,100	5,030	6,300
Utilities	96	262	702	767
Stock base compensation (Note 11, 15)	149,509	-	149,509	-
Total expenses	\$ 208,131	\$ 251,784	\$ 134,655	\$ 810,761
Other Income				
Foreign exchange gain (loss)	\$ -	\$ -	\$ 433	\$ 231
Interest Income	7,340	6,022	18,436	11,754
Total other income	\$ 7,340	\$ 6,022	\$ 18,869	\$ 11,985
Net operating income (loss) and comprehensive income (loss)	\$ 163,593	\$ (226,077)	\$ (53,909)	\$ (736,289)

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 November 30, 2023 the Company estimates amounts payable as nil and has recorded a \$217,739 recovery of advertising and promotion expenses in the nine months ended November 30, 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.

Scientific Research and Experimental Development Tax Credit (SR&ED) - The Company received \$96,003 for SR&ED tax credits from the Province of Alberta for the tax year ended December 31, 2021. The Company has filed its 2022 tax return including \$40,831 in SR&ED tax credits and it has not yet been assessed by CRA or Alberta Finance.

Share based compensation - 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 vested immediately. The fair value of \$149,509 for the 3,150,000 stock options granted of \$0.05 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 4.9%, expected life of 2 years and historical volatility was used for calculation of expected volatility of 112%.)

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

	Nov 30, 2023	Aug 31, 2023	May 31, 2023	Feb. 28, 2023	Nov. 30, 2022	Aug 31, 2022	May 31, 2022
	\$	\$	\$	\$	\$	\$	\$
Revenue	38,034	37,283	13,540	36,686	37,510	34,294	62,725
Cost of Sales	836	19,595	6,549	14,329	57,825	21,480	32,737
Gross Profit	37,198	17,688	6,991	22,357	(20,315)	12,814	29,988
Expenses (cash)	207,500	(133,421)	58,978	523,192	211,186	261,088	296,755
Expenses (non-cash)	631	492	475	475	598	671	463
Other income	7,340	5,529	6,000	5,496	6,022	4,246	1,717
Income/(loss)	(163,593)	156,146	(46,462)	(495,814)	(226,077)	(244,699)	(265,966)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)
Total assets	968,743	699,933	778,403	862,007	1,081,010	1,304,303	1,571,525
Total long term liabilities	-	-	-	-	-	-	-
Cash dividend per share	-	-	-	-	-	-	-
Shares outstanding	41,027,425	38,712,425	38,712,425	38,712,425	38,712,425	38,712,425	38,712,425

Liquidity and Capital Resources

At November 30, 2023, the company had working capital of \$915,346 (February 28, 2023 - \$550,723) including cash of \$921,385.

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:

	January 10, 2024	November 30, 2023	February 28, 2023
Common shares	41,027,425	41,027,425	38,712,425
Warrants and Finders Warrants	1,197,500	1,197,500	571,380
Stock Options	3,650,000	3,650,000	3,150,000
Fully Diluted	45,874,925	45,874,923	42,433,805

Proposed Transactions and Subsequent Events

None

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 November 30, 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 and on the Company's website at www.ndatalyze.com.

Corporate Information

BOARD OF DIRECTORS:

James Durward
G. Steven Price ⁽¹⁾
Dusan Kuzma ⁽¹⁾
Gordon Crawford ⁽¹⁾

1) Member of Audit Committee

OFFICERS:

Dr. Keith Courtney	-	President
James Durward	-	Chief Executive Officer, Chief Technical 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