GlobeX Data®

Swiss Secure Cloud and Communications

GLOBEX DATA LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

FORM 51-102F1

FOR THE THREE MONTHS ENDED MARCH 31, 2020

INTRODUCTION

The following management discussion and analysis ("MD&A") of the financial condition and results of operations of GlobeX Data Ltd. (the "Company" or "GlobeX") has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of May 19, 2020 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS), and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and www.globexdatagroup.com.

All financial information in this report has been prepared in accordance with IFRS and all monetary amounts referred to herein, are in Canadian dollars, unless otherwise stated.

FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking statements". Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements regarding:

- Anticipated levels of expenditures for the next twelve months;
- Expectations of ongoing relationships with reseller and partners;
- Timing of completion of software integrations and updates;
- Management's belief that we have sufficient liquidity to fund the Company's business operations during the next twelve months; and
- Strategy for customer retention, growth, product development, market position, financial results and reserves.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on management's current beliefs, expectations and assumptions regarding:

- the future of the Company's business;
- the success of marketing and sales efforts of the Company;
- the projections prepared in house and projections delivered by channel partners;
- the Company's ability to complete the necessary software updates;
- increases in sales as a result of investments software development technology;
- consumer interest in the Products;
- future sales plans and strategies;
- reliance on large channel partners and expectations of renewals to ongoing agreements with these partners;
- anticipated events and trends; and
- the economy and other future conditions;

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The Company's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements.

Important risk factors that could cause the Company's actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: speculative nature of investment risk; history of operating loss; going-concern risk; the Company's reliance on resellers and other distribution channels to sell its products; dependency on large channel partners; dependency on key personnel; dependency on third parties; software bugs; competition; security threats; research and development; commitments; obsolescence; growth; dilution; unissued share capital; liquidity and future financing risk; market risk for securities; and increased costs of being a publicly traded company. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to, risks and uncertainties disclosed in this MD&A. See "Risk Factors".

These forward-looking statements are made as of the date of this MD&A and are based on the reasonable beliefs, expectations and opinions of management on the date of this MD&A (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. There is 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. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

Investors are cautioned against placing undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

GlobeX Data Ltd. was incorporated under the Business Corporations Act (British Columbia) on March 1, 2017. During the year ended December 31, 2019, the Company completed its initial public offering ("IPO"). The Company's common shares and tradeable warrants were listed on the Canadian Securities Exchange ("CSE") effective July 22, 2019 under the symbols "SWIS" and "SWIS.wt", respectively. On November 5, 2019, the Company's common shares began trading on the OTCQB Venture Market with the trading symbol SWISF.

The Company's head office and principal address is located at First Canadian Place, 100 King Street West, Suite 5600, Toronto, ON, Canada, M5X 1C9 and the registered and records office is located at 595 Howe Street, Suite 704, Vancouver, BC, Canada, V6C 2T5.

The Company is the exclusive worldwide distributor and license holder of a full suite of secure cloud-based storage, document management, encrypted emails and secure communication tools, primarily DigitalSafe, PrivaTalk and Custodia (collectively, the "Products"). The Company primarily sells the Products through resellers and other distribution channels such as managed service providers, Internet service providers, and telecommunication companies. The Products, all of which are in a commercialization stage and are current in use by customers, were developed by GlobeX Data S.A., a privately held Swiss based cyber security and secure communications company ("GDSA") and licensed to the Company.

On May 7, 2017, the Company entered into a licensing agreement ("Global License Agreement") with GDSA to market/distribute the Products globally except in the U.S. and Canada. On March 29, 2018, the Company acquired 100% of the issued and outstanding securities of GlobeX Data, Inc. ("GlobeX US") via a securities purchase agreement whereby the shareholder of the Company received 25,000,000 common shares as consideration. GlobeX US has an exclusive license with GDSA to market/distribute the products in the U.S. and Canada.

Since 2014, the Company, through GlobeX US, primarily marketed the products to end users in North America. In 2017, the Company shifted to a global distribution model targeting established services providers with large customer bases ("Channel Partners"). These Channel Partners offer the Products to their existing consumer base as an add on to the consumers' existing subscriptions.

SIGNIFICANT EVENTS DURING THE CURRENT YEAR AND AS AT THE DATE OF THIS REPORT

In January 2020, the Company signed a new Reseller License Agreement with Toronto based Darn IT Group Inc. (https://darnit.ca). Darn IT Group provides Managed IT Services, Security Assessments and Security Operations Center Services (SOC services) to its clients in the Toronto Region, Durham Region, GTA, and now across Canada. Darn IT will provide all of GlobeX's services, DigitalSafe, PrivaTalk, Custodia and the upcoming PrivaTalk Messenger application for all its client base of small and medium sized businesses throughout Canada.

In January 2020, the Company closed a private placement consisting of 1,225,196 units at a price of $0.15 per unit for proceeds of $183,779. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.20 per share for two years.

In February 2020, signed a new Reseller in the Bahamas for its cybersecurity and secure communications and data management cloud services, DigitalSafe, PrivaTalk, Custodia and Sekur, GlobeX's latest service geared for executives and High Net-Worth individuals ("HNWIs"). The Company has signed a five-year exclusive agreement with Sebastian Alliance Group LLC ("SAG") to resell all its cybersecurity and secure communications and secure data management cloud services. In addition, SAG shall have a non-exclusive right to resell GlobeX's services worldwide for a period of five years as well. The Agreement is automatically renewable for consecutive 12 months periods after the initial five years. Sebastian Alliance Group LLC has over 15 years of experience in Banking IT management, development and implementation of several e-banking solutions for various global banks and financial institutions.

In March 2020, the Company signed a new Reseller in the New Zealand, Fiji and the South Pacific Islands for its cybersecurity and secure communications and data management cloud services, DigitalSafe, PrivaTalk, Custodia and Sekur, GlobeX's latest service geared for executives and High Net-Worth individuals (“HNWIs”) and C level executives and government high ranking officials. The Company has signed a three-year exclusive agreement for Fiji and the Pacific Islands and a three-year non-exclusive agreement for New Zealand with Solace Data Management Group Limited (“SDMG”) to resell all its cybersecurity and secure communications and secure data management cloud services. SDMG principals have decades of experience and business relations in the South Pacific Islands and New Zealand. The targeted industries will be financial services, legal services, large conglomerates, telecom operators and government entities.

In March 2020, the Company received its first purchase order for its DigitalSafe secure cloud services for the South Asia (SAARC) region.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

In April 2020, the Company launched a new Synchronized Data Backup and Recovery feature as part of its DigitalSafe secure cloud document management and business productivity solution. The new proprietary Synchronized Data Backup feature is aimed at backing up any file or folder sitting on a local device, into GlobeX's secure Swiss hosted cloud infrastructure. The technology uses anti-malware and anti-virus, as well as the Company's VirtualVaults encrypted technology. The feature automatically backs up any file or folder designated on a user's computer and updates automatically as changes and updates are added to the file or folder. The system comes with versioning and unlimited uploads.

In May 2020, the Company announced that Mr. Amir Assar has joined its Board of Directors. Amir Assar has over 27 years of experience in technology sales and leadership and is presently AVP Sales at Workday, Inc. (NASDAQ:WDAY), one of the leading software company in the world. Prior to joining Workday, Amir was one of the key executives at Adaptive Insights, where he was instrumental in establishing Adaptive as a leader in the financial data analytics market, culminating in an IPO filing in June of 2018 and eventual acquisition by Workday for US$1.55 Billion in August 2018. Amir Assar started his technology career in 1993 at Actel Corporation as the Western USA Director of Sales. Actel was a leading provider of Field Programmable Gate Arrays (FPGA) and was acquired by Microsemi Corporation, a California-based semiconductor and systems solutions provider for the aerospace, defense, communications, data center and industrial markets. From there Amir went on to work for several successful emerging technology companies in Silicon Valley, including Annuncio Software (acquired by PeopleSoft), NetScaler (acquired by Citrix), DataPower (acquired by IBM), and IBM where he held senior sales management and leadership positions. At DataPower, he was part of the original sales leadership team that built the company from a fledgling start-up with no customers into a US$300M business while transitioning it to be one of IBM's most successful acquisitions. He is married and lives with his wife in San Francisco, California. The Company also reported that David Ryan has resigned from the Board of Directors. The Company would like to thank Mr. Ryan for his services and guidance during the IPO phase of the Company and wishes Mr. Ryan all the best in his future ventures. David Ryan was instrumental in helping the Company during its pre-IPO phase and during the IPO itself andGlobeX Data will eternally be grateful for his valuable and loyal service to the Company.

In May 2020, the Company closed a private placement consisting of 851,053 units at a price of $0.12 per unit for proceeds of $102,126. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.13 per share for one year. 50,000 units were issued to an officer of the Company.

RESULTS OF OPERATIONS

For the three months ended March 31, 2020 and 2019

Revenues

The Company reported revenues of $7,374 during the three months ended March 31, 2020 compared to revenues of $9,542 during the three months ended March 31, 2019. The Company does not have any cost of sales associated with its revenues as their sales are from direct website purchases or the sales are provided net of any agreements with channel partners as the customers purchase the services from the channel partner.

Expenses

The net loss for the three months ended March 31, 2020 was $256,599 as compared to a net loss of $213,114 for the three months ended March 31, 2019.

Consulting for the three months ended March 31, 2020 was $64,194 compared to $14,267 for the three months ended March 31, 2019. The increase in consulting fees is primarily due to the addition of new consultants subsequent to the completion of the Company's IPO in July 2019.

Marketing for the three months ended March 31, 2020 was $42,055 compared to $nil for the three months ended March 31, 2019. The increase in marketing fees is primarily due to a marketing campaign which began subsequent to the completion of the Company's IPO in July 2019.

Software maintenance for the three months ended March 31, 2020 was $85,523 compared to $170,409 for the three months ended March 31, 2019. Software maintenance relates to invoiced amounts from GDSA and third parties for software maintenance and integration costs and varies period to period. As the Company engages significant distribution partners, GDSA has agreed to integrate the products into the distribution partners software ecosystem. As a result, the Company must cover the IT costs related to the integrations.

SUMMARY OF SELECTED HIGHLIGHTS FOR THE LAST EIGHT QUARTERS

Description	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Net loss	(256,599)	(543,079)	(206,323)	(161,074)
Basic loss per share	(0.00)	(0.01)	(0.00)	(0.00)
Description	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Net loss	(213,114)	(299,727)	(237,001)	(501,438)
Basic loss per share	(0.00)	(0.01)	(0.01)	(0.01)

During the three months ended December 31, 2019 the Company recorded share-based payments of $238,092.

During the three months ended June 30, 2018 the Company recorded share-based payments of $206,818.

SELECTED ANNUAL INFORMATION

	For the years ended		
	December 31, 2019	**December 31, 2018**	**December 31, 2017**
	$	**$**	**$**
Revenue	31,615	24,735	-
Net loss	(1,123,590)	(1,286,492)	(343,490)
Basic (loss) per share	(0.02)	(0.03)	(0.07)
Total assets	3,623,339	2,982,108	372,393
Working capital	968,305	278,043	359,839

LIQUIDITY AND SOLVENCY

At March 31, 2020, the Company had a working capital surplus of $735,684 and cash of $749,313.

In January 2020, the Company closed a private placement consisting of 1,225,196 units at a price of $0.15 per unit for proceeds of $183,779. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.20 per share for two years.

In May 2020, the Company closed a private placement consisting of 851,053 units at a price of $0.12 per unit for proceeds of $102,126. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.13 per share for one year.

The Company's future capital requirements will depend upon many factors including, without limitation, the success of its marketing and distribution channels. The Company has limited capital resources and has to rely upon the sale of equity securities for cash required for marketing the products, paying for software maintenance and development, and to fund the administration of the

Company. Since the Company does not expect to generate any substantial revenues from operations in the immediate future, it must continue to rely upon the sales of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company or at all. See “Risk Factors”.

OFF-BALANCE SHEET ARANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

OUTSTANDING SHARES, STOCK OPTIONS, AND WARRANTS

As at the date of this report, the Company had the following outstanding:

- 54,496,531 common shares.
- Stock options

Number of Options	Exercise Price ($)	Expiry Date
350,000	0.25	May 11, 2021
20,000	0.20	May 11, 2021
1,250,000	0.25	April 30, 2023
1,740,000	0.20	October 10, 2024
50,000	0.20	October 15, 2024
3,410,000		

- Warrants

Number of Warrants	Exercise Price ($)	Expiry Date
851,053	0.13	May 20, 2021
5,692,000	0.75	July 22, 2022
455,360	0.25	July 22, 2022*
1,225,196	0.20	January 17, 2022
8,223,609		

*Agent’s warrants

RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the period ended March 31, 2020, the Company incurred $nil (2019 - $3,000) in consulting fees to a company controlled by a director.

During the period ended March 31, 2020, the Company incurred $9,248 (2019 - $nil) in accounting fees to an accounting firm in which an officer of the Company is a partner. As at March 31, 2020, there was $906 (December 31, 2019 - $646) owing to this firm. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

On May 7, 2017, the Company entered into a license agreement with GlobeX Data S.A., which has a common director, in which the Company obtained the right to market Secure Cloud Storage and Secure Communications Solutions to companies and individuals. During the period ended March 31, 2020, the Company paid software maintenance of $nil (2019 - $56,299) to GlobeX Data S.A.

RECENT ACCOUNTING POLICIES

Please refer to the March 31, 2020 condensed interim consolidated financial statements on www.sedar.com.

FINANCIAL INSTRUMENTS

Please refer to the March 31, 2020 condensed interim consolidated financial statements on www.sedar.com.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

MANAGEMENT'S RESPONSIBILITY OF FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

OTHER MD&A REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

RISK FACTORS AND UNCERTAINTIES

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this MD&A, before making any decision to invest in the Company. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the common shares could decline, and investors may lose all or part of their investment.

Speculative Nature of Investment Risk

An investment in the common shares of the Company carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has a limited history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the development and early commercialization stage. Operations are not yet sufficiently established such that the Company can mitigate the risks associated with planned activities.

Negative Cash Flow from Operating Activities

The Company has had negative cash flow from operating activities since inception. Significant capital investment will be required to achieve the Company's existing plans. There is no assurance that the Company's business will generate earnings, operate profitably or provide a return on investment in the near future. Accordingly, the Company may be required to obtain additional financing in order to meet its future cash commitments.

History of Operating Losses

The Company has a history of operating losses and may not sustain profitability. The Company cannot guarantee investors that it will become profitable, and even if the Company achieves profitability, given the competitive and evolving nature of industry in which it operates, the Company may not be able to sustain or increase profitability and its failure to do so could adversely affect its business, including its ability to raise additional funds.

Going-Concern Risk

The Company's financial statements have been prepared on a going concern basis under which the entity is considered to be able to realize its assets and liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability.

Dependency on Large Channel Partner

Sercotel S.A. de C.V., ("Sercotel") is the Company's flagship Channel Partner. Under the terms of the Company's agreement with Sercotel, Sercotel may terminate the relationship without cause. If Sercotel were to terminate its relationship, it would have a significant negative effect on the viability of the Company. If Sercotel were to terminate its relationship and the Company is unable to find an alternate Large Channel Partner, the Company's business may fail and shareholders may lose their investment.

Dependency on Key Personnel

Alain Mehdi Ghiai-Chamlou, the Company's Chief Executive Officer and Director, exercises significant control over the day to day affairs of the Company. The Company depends on Mr. Ghiai-Chamlou to engage with third parties and contractors to operate the business. If Mr. Ghiai-Chamlou were to leave the Company or were otherwise unable to perform his duties, the Company's business may fail and shareholders may lose their investment.

Dependency on Third Parties

The Company is dependent on GDSA to develop and maintain the Products. As a result, the Company has limitations on its ability to implement any changes to the Products. If GDSA were to fundamentally change the Products or halt development, the business of the Company would be negatively affected. A failure or disruption in these services could materially and adversely affect the Company's ability to manage it business effectively.

The Company relies on third parties for certain essential financial and operational services. Traditionally, the vast majority of these services have been provided by large enterprise software vendors who license their software to customers. However, the Company receives many of these services on a subscription basis from various software-as-a-service companies that are smaller and have shorter operating histories than traditional software vendors. We depend upon these vendors to provide us with services that are always available and are free of errors or defects that could cause disruptions in our business processes, and any failure by these vendors to do so, or any disruptions in networks or the availability of the internet, would adversely affect the Company's ability to operate and manage its operations.

Defective Software

The Products may contain undetected errors, defects or bugs. Further, the Products may have errors, defects or bugs that result from upgrades and updates to the Products or updates and upgrades to third party software providers or operating systems. Although the Company has not suffered significant harm from any errors, defects or bugs to date, the Company may discover significant errors, defects or bugs in the future that it may not be able to correct or correct in a timely manner. It is possible that errors, defects or bugs will be found in the Company's software products and related services with the possible results of delays in, or loss of market acceptance of, the Company's products and services, diversion of its resources, injury to its reputation, increased service and warranty expenses and payment of damages.

Intense Competition

The market for cloud content management services is fragmented, rapidly evolving and highly competitive, with relatively low barriers to entry for certain applications and services. Many of the Company's competitors and potential competitors are larger and have greater name recognition, substantially longer operating histories, larger marketing budgets and significantly greater resources than the Company. Our competitors include, but are not limited to, Microsoft, Google, Amazon and Dropbox. With the introduction of new technologies and market entrants, it is expected that competition will continue to intensify in the future. In addition, pricing pressures and increased competition generally could result in reduced sales, lower margins, losses or the failure of our services to achieve or maintain widespread market acceptance, any of which could harm the Company's business.

Many of the Company's competitors can devote greater resources to the development, promotion and sale of their products or services. In addition, many of our competitors have set up marketing relationships and major distribution agreements with channel partners, consultants, system integrators and resellers. Moreover, many software vendors could bundle products or offer them at lower prices as part of a broader product sale or enterprise license arrangement. Some competitors may offer products or services that address one or several business execution functions at lower prices or with greater depth than the Company's services. As a result, competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements. Furthermore, some potential customers, particularly large enterprises, may choose to develop their own internal solutions. For any of these reasons, the Company may not be able to compete successfully against our current and future competitors.

Security Threats

The Products involve the storage of large amounts of our customers' sensitive and proprietary information across a broad industry spectrum. Cyber attacks and other malicious internet-based activity continue to increase in frequency and in magnitude generally, and cloud-based content collaboration services have been targeted in the past. These increasing threats are being driven by a variety of sources including nation-state sponsored espionage and hacking activities, industrial espionage, organized crime and hacking groups and individuals. As the Products become more widely known and recognized and used in more heavily regulated industries such as healthcare, government, life sciences, and financial services where there may be a greater concentration of sensitive and protected data, the Company may become more of a target for these malicious third parties.

If an actual or perceived security breach occurs, the market perception of the effectiveness of the Company's security measures could be harmed, the Company could be subject to indemnity or damage claims in certain customer contracts, and the Company could lose future sales and customers, any of which could harm its business and operating results.

Research and Market Development

Although the Company is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

Commitments

The Company provides service level commitments under its service agreements. Failure meet these contractual commitments could obligate the Company to provide credits or refunds for prepaid amounts related to unused subscription services or face subscription terminations, which could adversely affect our revenue. Furthermore, any failure in our delivery of high-quality customer support services may adversely affect our relationships with our customers and our financial results.

Obsolescence

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Company is unable to maintain a technological advantage, the Issuer's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

Growth

The Company expects to expand its operations by increasing its sales and marketing efforts, research and development activities, and escalating its services. The anticipated growth could place a significant strain on its management, and operational and financial resources. Effective management of the anticipated growth shall require expanding its management and financial controls, hiring additional appropriate personnel as required, and developing additional expertise by existing management personnel. However, there can be no assurances that these or other measures it may implement shall effectively increase its capabilities to manage such anticipated growth or to do so in a timely and cost-effective manner. Moreover, management of growth is especially challenging for a company with a short revenue generating history and limited financial resources, and the failure to effectively manage growth could have a material adverse effect on its operations.

Substantial Number of Authorized but Unissued Shares

The Company has an unlimited number of Common Shares that may be issued by the Board of Directors without further action or approval of the Company's shareholders. While the Board of Directors is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

Dilution

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the common shares. If the Company issues common shares from its treasury for financing purposes, control of the Company may change and purchasers may suffer additional dilution.

Liquidity and Future Financing Risk

The Company is in their development stage and has not generated a significant amount of revenue. The Company is likely to operate at a loss until business becomes established and the Company may require additional financing in order to fund future operations and expansion plans, including developing new products, enhancing existing products, enhancing operating infrastructure and acquiring further licenses. The Company's ability to secure required financing to sustain operations will depend upon prevailing capital market conditions, as well as business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuing common shares in authorized capital, control may change, and shareholders may suffer additional dilution.

Current Market Volatility

The securities markets in Canada and the United States have recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the common shares will be subject to market trends generally, notwithstanding any potential success of the Company.

General

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

Although the Directors will seek to minimise the impact of the risk factors, an investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult a person who specialises in investments of this nature before making any decision to invest.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.