

TREATMENT.COM AI INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

The following management discussion and analysis (“MD&A”), prepared on August 28, 2024, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 and the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2024. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Treatment.com AI Inc. (formerly Treatment.com International Inc.) (“the Company” or “Treatment”). Unless otherwise noted, all financial information in the MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

This MD&A contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, “forward-looking statements”). These forward-looking statements relate to, among other things, revenue, earnings, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as “may”, “will”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or similar expressions. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only the Company’s expectations, estimates, and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

The forward-looking statements contained in this MD&A are made as of the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, the Company, does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

OVERVIEW AND OUTLOOK

The Company, through its wholly owned subsidiary Treatment.com Inc. (“Treatment USA”), is in the business of providing comprehensive, trustworthy and accurate clinical information support for healthcare professionals and medical students to enhance their accuracy of diagnosis. Whether being used for consumer information, medical education, or clinical information support, Treatment’s Global Library of Medicine (“GLM”) provides a comprehensive resource for medical schools, nursing schools, healthcare systems and enterprises that can be integrated into new or existing solutions to provide better clinical information support to their healthcare professionals, streamline menial administrative tasks and enable more patient facing time.

Restructuring

On April 5, 2019, the Company completed an exchange of shares transaction (the “Transaction”) resulting in the acquisition of 100% of the issued and outstanding capital stock of Treatment.com Inc. (“Treatment USA.”), a private company incorporated on April 26, 2016 in the state of Delaware, USA. As consideration for 100% of the outstanding common shares of Treatment USA, the Company issued 2,623,769 common shares at total fair value of \$2,298,788. On April 19, 2021, the common shares of the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “TRUE”.

Based on the relative ownership percentages of the combined company by the shareholders of the former Treatment USA, Treatment USA is considered to have gained control of the combined entity and therefore Treatment USA is considered to be the acquirer for accounting purposes (commonly referred to as a “Reverse Takeover”). For financial reporting purposes, the Company is considered to be a continuation of Treatment USA, the legal subsidiary, except with regard to authorized and issued share capital, which is that of the Company, the legal parent. The Company was not considered to be an acquired business under accounting guidance set out in International Financial Reporting Standards Codification (“IFRS”) 3, *Business Combinations* (“IFRS 3”). Therefore, the Transaction has been accounted for as an asset acquisition and not a business acquisition.

The fair value of the consideration was calculated to be \$2,298,788 which is the fair value of the equity interests of Treatment USA that would have been issued to give the owners of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition.

| | |
|---|--------------|
| Cash | \$ 1,025 |
| Accounts payable and accrued liabilities | (33,890) |
| Net liabilities assumed | (32,865) |
| Consideration paid in excess of net assets acquired from acquisition | 2,331,653 |
| Purchase price | \$ 2,298,788 |

IFRS requires the Company to fair value the equity instruments issued in the Transaction in order to value the unidentified assets received as part of the Transaction. The difference of \$2,331,653 between the fair value of the equity instruments issued and the net liabilities assumed represents the consideration paid in excess of net assets acquired. This notional cost does not reflect actual cash expenditures during the period.

Risks and Uncertainties

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company has exposure to the following risks from its use of financial instruments:

OVERALL PERFORMANCE

During 2023, the Company underwent significant changes due to not meeting its previously identified fiscal goals. In October 2023, a new Chief Executive Officer was appointed, who subsequently brought in several additional experienced leaders. This leadership change initiated a comprehensive review of the Company’s strategy, go-to-market models, and existing technology and processes.

As a result, the Company decided to shift its focus from a Business to Consumer (“B2C”) model to a Business to Business (“B2B”) model. Management believes that the cornerstone of the Company’s business model and market differentiation lies in the accuracy and reliability of the Global Library of Medicine (“GLM”), which has been developed using artificial intelligence (“AI”) with input and verification from hundreds of clinicians worldwide.

The AI healthcare market, valued at \$11 billion in 2021, is projected to grow to \$187 billion by 2030¹. While the utilization of AI in healthcare is still in its early stages, Treatment, through its GLM, has established a platform with multiple applications to support healthcare professionals, healthcare systems, medical schools, and patients. The Company believes that the trajectory and market interest in healthcare AI is on the rise; the primary uncertainties revolve around the time to market and identifying which sectors of the healthcare market will be most significantly impacted in the near future.

To capitalize on this broader market opportunity, the Company has focused on re-architecting the underlying technology supporting the GLM during Q4 2023 and Q1 and Q2 2024. The Company believes this development paves the way for new market opportunities with medical schools, nursing schools, medical and nursing students, as well as various enterprises.

With the new emphasis on a B2B go-to-market model, the Company has paused further development of the Treatment Digital Health App, a B2C solution announced in January 2022. The app remains available in the Apple App Store and can be reactivated at any time. Meanwhile, the Company is expanding the availability of its GLM through other media, including web and chatbot platforms.

Use of Proceeds of Previous Financings

On March 14, 2024, the Company closed an offering of Special Warrants for aggregate gross proceeds of \$2,518,200 and units for aggregate gross proceeds of \$390,000. As of June 30, 2024 and the date of this MD&A, approximately \$1,910,066 and \$2,860,115, respectively, of the proceeds from the Special Warrant financing and \$nil, respectively of the proceeds from the unit offering have been used for working capital purposes, including professional fees, consulting fees, salaries, and tax expenses. The remaining proceeds remained unspent as of June 30, 2024 but will be used for similar working capital purposes.

RESULTS OF OPERATIONS

| | Six months ended June 30, | |
|--|---------------------------|-----------|
| | 2024 | 2023 |
| | \$ | \$ |
| Revenue | Nil | Nil |
| Operating expenses | (2,663,320) | (669,298) |
| Foreign exchange gain/loss | (7,727) | (253) |
| Loss on convertible debt restructuring | (971,435) | - |
| Foreign exchange translation | (7,690) | 8,607 |
| Comprehensive loss | (3,650,172) | (660,944) |
| Loss per share | (0.09) | (0.10) |

Discussion of Operating Results

Operating expenses for the six months ended June 30, 2024 increased to \$2,663,320 from \$669,298 in 2023.

The increase was due to:

- consulting and professional fees increased to \$1,276,086 from \$404,949, driven by an increase in accounting consulting services of \$37,259, digital marketing consulting of \$659,769, and other costs associated with the capital raise on March 14, 2024 (discussed in further detail below);

¹ <https://www.statista.com/statistics/1334826/ai-in-healthcare-market-size-worldwide/>

- the vesting of stock options and restricted share units to certain directors, officers, and consultants resulting in a non-cash stock-based compensation of \$833,784 compared to \$142,410 in 2023;
- increased salary and benefits due to the conversion of consultants to full time employees to support increased operations;
- increased advertising and marketing expenses, mainly related to costs incurred to redesign the Company’s website and for a marketing campaign in Europe; and
- these increases were partially offset by a decrease in accretion expense due to a debt settlement agreement that resulted in the cancellation of the total principal and accrued interest obligations in exchange for 1,143,403 of the Company’s common shares and 571,700 warrants to purchase the Company’s common shares.

Quarterly Financial Information

| | Quarters ended | | | |
|--|----------------|----------------|-------------|-------------|
| | Q4 | Q3 | Q2 | Q1 |
| | (December 31) | (September 30) | (June 30) | (March 31) |
| | \$ | \$ | \$ | \$ |
| Fiscal 2024 | | | | |
| Revenue | | | Nil | Nil |
| Operating expenses | | | (1,737,973) | (925,347) |
| Foreign exchange translation | | | (3,213) | (4,477) |
| Loss on convertible debt restructuring | | | (971,435) | - |
| Comprehensive loss | | | (2,719,053) | (931,120) |
| Loss per share | | | (0.07) | (0.02) |
| Fiscal 2023 | | | | |
| Revenue | (38,136) | 38,136 | Nil | Nil |
| Operating expenses | (832,785) | (900,775) | (288,069) | (381,229) |
| Foreign exchange translation | 207 | (8,939) | 8,699 | (92) |
| Comprehensive loss | (2,216,443) | (845,120) | (279,371) | (381,573) |
| Loss per share | (0.06) | (0.12) | (0.00) | (0.06) |
| Fiscal 2022 | | | | |
| Revenue | Nil | Nil | Nil | Nil |
| Operating expenses | 480,958 | 415,035 | 680,865 | 2,263,770 |
| Foreign exchange translation | 19,091 | (8,236) | (3,953) | (3,671) |
| Comprehensive loss | (491,414) | (424,034) | (679,987) | (2,205,075) |
| Loss per share | (0.10) | (0.10) | (0.10) | (0.30) |

Operating expenses for the quarter ended June 30, 2024 increased to \$1,737,973 from \$288,069 in 2023.

The increase was mainly due to higher consulting fees driven by an increase in accounting consulting services, digital marketing consulting, and other costs associated with the debt settlement and filing of a prospectus supplement, a short form base shelf prospectus, which resulted in the distribution of the equity units issuable upon the conversion of special warrants that were issued in connection with the March 14, 2024 offering (discussed in further detail in the “Capital Raise” section below). In addition, stock-based compensation expense increased as a result of the vesting of stock options and restricted stock units.

Comprehensive loss increased to \$2,719,053 in during the three months ended June 30, 2024, from \$279,371 in 2023 due to increased operating expenses described above as well as a loss on the settlement of debt.

Liquidity and Capital Resources

As of June 30, 2024, the Company had a working capital surplus of \$370,558 with a cash balance of \$944,840. As of December 31, 2023, the Company had a working capital deficit of \$738,053 with a cash balance of \$715,519.

On March 29, 2022, the Company issued a \$235,000 principal amount of unsecured convertible debentures. The debentures were issued at original discount of 15% of the principal amount. The debentures bear interest at a rate of 8% per annum, calculated semi-annually and matures on March 29, 2024. The principal of the debentures, plus any interest accrual is convertible at the option of the debentures' holders into one unit of the Company at the conversion price equal to \$0.41 per unit. Each unit consists of one common share and one transferable share purchase warrant, with each warrant being exercise into one common share at a price of \$0.50 for a period of two years from the date of issuance.

On April 7, 2022, the Company issued a \$25,000 principal amount of unsecured convertible debentures. The debentures were issued at original discount of 15% of the principal amount. The debentures bear interest at a rate of 8% per annum, calculated semi-annually and matures after 48 months following the date of issuance. The principal of the debentures, plus any interest accrual is convertible at the option of the debentures' holders into one unit of the Company at the conversion price equal to \$0.41 per unit. Each unit consists of one common share and one transferable share purchase warrant, with each warrant being exercise into one common share at a price of \$0.50 for a period of two years from the date of issuance.

On May 5, 2022, the Company issued a \$140,000 principal amount of unsecured convertible debentures. The debentures were issued at original discount of 15% of the principal amount. The debentures bear interest at a rate of 8% per annum, calculated semi-annually and matures after 48 months following the date of issuance. The principal of the debentures, plus any interest accrual is convertible at the option of the debentures' holders into one unit of the Company at the conversion price equal to \$0.41 per unit. Each unit consists of one common share and one transferable share purchase warrant, with each warrant being exercise into one common share at a price of \$0.50 for a period of two years from the date of issuance.

On April 5, 2024, the Company entered into a debt settlement agreement with the holders of the unsecured convertible debentures in which the total principal and accrued interest obligations were cancelled in exchange for 1,143,403 of the Company's common shares and 571,700 warrants to purchase the Company's common shares at an exercise price of \$0.60 per warrant exercised. The convertible debt restructuring resulted in a loss of \$971,435.

As of June 30, 2024, the Company held a shareholders' loan in the amount of \$100,334. The loan is non-interest bearing, unsecured and payable on demand.

Ongoing working capital requirements are limited to those necessary to maintain the Company's ongoing reporting obligations and support the Company in its development and completion of their artificial intelligence IP and fund-raising opportunities.

The Company has not pledged any of its assets as security for loans or otherwise and is not subject to any debt covenants.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management are as follows:

| | Six Months Ended June 30, | |
|--|----------------------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Salaries, Wages and Consulting Fees | | |
| Paul Markham, former Chief Executive Officer & former Chief Strategy Officer | - | 40,431 |
| Essam Hamza, Chief Executive Officer | 120,000 | - |
| GrowthPath Partners, Chief Financial Officer | 81,642 | - |
| John Fraser, Former Chief Executive Officer & Director | - | - |
| Dong Shim, Former Chief Financial Officer | 14,700 | 37,800 |
| Richard Atkins, Chief Operating Officer | 30,000 | - |
| NIA Corporate Services, Corporate Secretary | 21,645 | - |
| Kevin, Peterson, Chief Medical Officer & Director | 58,305 | - |

Balances due to related parties

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The Company has the following amounts due to related parties:

| Due to Related parties | Nature | June 30, 2024 | December 31, 2023 |
|---|-----------------|--------------------------|------------------------------|
| | | \$ | \$ |
| Former Chief Executive Officer | Consulting fees | - | 35,722 |
| Chief Medical Officer & Director | Consulting fees | 25,334 | 67,651 |
| Chief Financial Officer | Consulting fees | 23,076 | - |
| Former Chief Financial Officer & Director | Accounting fees | - | 50,635 |

Financial Instruments and Other Instruments

Financial instruments included in the statement of financial position are as follows:

| | | June 30, 2024 | December 31, 2023 |
|---------------------|----------------|--------------------------|------------------------------|
| | | \$ | \$ |
| Cash | Amortized cost | 944,840 | 715,529 |
| Amounts receivable | Amortized cost | - | 17,247 |
| Trade payables | Amortized cost | 559,744 | 892,573 |
| Loan and debentures | Amortized cost | 100,334 | 584,786 |

OUTSTANDING SHARE DATA

Effective July 14, 2023, the Company consolidated its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares. Unless otherwise indicated, all share and per share figures have been retrospectively adjusted in this report to reflect the share consolidation.

Authorized

Unlimited number of Common Shares with no par value.

Issued and outstanding

Common Shares

2022

On January 10, 2022, the Company issued 817 common shares to settle debts for services.

On February 10, 2022, the Company issued 817 common shares to settle debts for services.

On March 10, 2022, the Company issued 817 common shares to settle debts for services.

On April 10, 2022, the Company issued 817 common shares to settle debts for services.

On May 10, 2022, the Company issued 816 common shares to settle debts for services.

On June 10, 2022, the Company issued 816 common shares to settle debts for services.

On July 11, 2022, the Company issued 817 common shares to settle debts for services.

On August 10, 2022, the Company issued 817 common shares to settle debts for services.

On September 12, 2022, the Company issued 816 common shares to settle debts for services.

On October 11, 2022, the Company issued 817 common shares to settle debts for services.

On November 10, 2022, the Company issued 817 common shares to settle debts for services.

On December 12, 2022, the Company issued 816 common shares to settle debts for services.

2023

On January 10, 2023, the Company issued 817 common shares to settle debts for services.

On February 10, 2023, the Company issued 817 common shares to settle debts for services.

On March 10, 2023, the Company issued 817 common shares to settle debts for services.

On April 10, 2023, the Company issued 817 common shares to settle debts for services.

On May 10, 2023, the Company issued 816 common shares to settle debts for services.

On June 12, 2023, the Company issued 816 common shares to settle debts for services.

On July 10, 2023, the Company issued 816 common shares to settle debts for services.

On September 29, 2023, the Company issued a total of 4,317,500 common shares to certain related parties to settle outstanding debt of \$431,750. Of this total amount, 842,900 common shares were issued to the Chief Financial Officer to settle liabilities in the amount of \$84,290 related to accounting fees, 474,600 common shares were issued to the former Chief Executive Officer & former Chief Strategy Officer to settle liabilities in the amount of \$47,460 related to consulting fees and 3,000,000 common shares were issued to the Chief Medical Officer & Director to settle a bonus payable in the amount of \$300,000.

On September 29, 2023, the Company issued 10,000,000 common shares through a non-brokered private placement. The Company also issued 175,000 finder's warrants to arm's length parties. Each finder's warrant is exercisable into one common share at a price of \$0.255 per share for a period of 2 years.

On October 5, 2023, the Company issued 2,475,000 common shares through a non-brokered private placement.

2024

Capital Raise:

On March 14, 2024, the Company closed a non-brokered private placement of 6,295,500 special warrants of the Company (each, a "Special Warrant") at a price of \$0.40 per Special Warrant, for aggregate gross proceeds of \$2,518,200 and 975,000 units of the Company (each, a "Unit") at a price of \$0.40 per Unit, for aggregate gross proceeds of \$390,000 (the "Offering").

Each Special Warrant will automatically convert without payment of any additional consideration into one Unit on the date that is the earlier of (i) the third business day after a) a receipt from the applicable securities regulatory authorities for a (final) short form prospectus (a "Qualifying Prospectus") or b) the date of filing a prospectus supplement (the "Prospectus Supplement") to a short form base shelf prospectus qualifying the distribution of the Units issuable upon the conversion of the Special Warrants, and (ii) 4 months and one day after the issue date of the Special Warrants.

Each Unit is comprised of one common share of the Company and one-half of one share purchase warrant of the Company, with each whole warrant exercisable into one additional common share at an exercise price of \$0.60 for two (2) years from the date of closing.

In connection with the Offering, the Company has paid finder's fees totaling \$220,816 and issued an aggregate 552,040 non-transferable broker warrants (the "Broker Warrants") to arm's-length parties. Each Broker Warrant entitles the holder to purchase one common share an exercise price of \$0.60 per common share for a period of two (2) years from the date of closing.

Legal expenses and other transaction-related costs were \$200,147. The Company used the proceeds raised from the Offering for working capital purposes.

The Company determined the fair value of the underlying warrants using the Black Scholes Model and allocated the net proceeds to share capital reserves.

In connection with the debt settlement agreement on April 5, 2024 described above, the Company issued 1,143,403 of the Company's common shares and issued 571,700 warrants to purchase common shares of the Company's common shares at a price of \$0.60 per share.

On April 26, 2024, the Company issued 20,000 common shares for the exercise of warrants at a price of \$0.26 per share.

On June 18, 2024, the Company issued 100,000 common shares for the exercise of Restricted Share Units (“RSUs”).

On June 19, 2024, the Company issued 100,000 common shares for the exercise of RSUs.

On June 27, 2024, the Company issued 500,000 common shares for the exercise of RSUs.

On June 18, 2024, the Company filed a Prospectus Supplement. As a result, the Special Warrants automatically converted into 6,295,500 common shares of the Company and 3,147,750 Warrants on June 21, 2024.

As of June 30, 2024, and the date of this MD&A, 46,239,018 and 48,293,421, respectively, common shares were outstanding.

Stock Options

The Company adopted the 10% stock option plan (the “Option Plan”) on March 11, 2020. The Option Plan provides for the grant of stock options. Stock issued pursuant to awards granted under the Option Plan will consist of authorized but unissued common shares. Incentive stock options may be granted to directors, officers, employees and consultants of the Company or a subsidiary of the Company. The Company has reserved 10% of the Company’s issued and outstanding common shares for issuance under the Option Plan. The exercise price shall not be less than the market value of the common shares.

On January 8, 2024, the Company granted 25,000 stock options with an exercise price of \$0.50 per share expiring on January 8, 2027. The fair value of the options was calculated using the Black-Scholes Option Pricing Model with the following assumptions: (1) expected life of the options of 3 years, (2) expected volatility of 84%, (3) dividend yield of 0%, and (4) risk-free rate of 3.50%.

On February 8, 2024, the Company granted 50,000 stock options with an exercise price of \$0.55 per share expiring on March 1, 2029. The fair value of the options was calculated using the Black-Scholes Option Pricing Model with the following assumptions: (1) expected life of the options of 5.06 years, (2) expected volatility of 95%, (3) dividend yield of 0%, and (4) risk-free rate of 3.55%.

On February 26, 2024, the Company granted 100,000 stock options with an exercise price of \$0.55 per share expiring on February 26, 2025. The fair value of the options was calculated using the Black-Scholes Option Pricing Model with the following assumptions: (1) expected life of the options of 1 year, (2) expected volatility of 244%, (3) dividend yield of 0%, and (4) risk-free rate of 4.91%.

On March 1, 2024, the Company granted 870,000 stock options with an exercise price of \$0.55 per share expiring on March 1, 2029. The fair value of the options was calculated using the Black-Scholes Option Pricing Model with the following assumptions: (1) expected life of the options of 5 years, (2) expected volatility of 94%, (3) dividend yield of 0%, and (4) risk-free rate of 3.42%.

On May 7, 2024, the Company granted 250,000 stock options with an exercise price of \$0.60 per share expiring on May 7, 2029. The fair value of the options was calculated using the Black-Scholes Option Pricing Model with the following assumptions: (1) expected life of the options of 5 years, (2) expected volatility of 81%, (3) dividend yield of 0%, and (4) risk-free rate of 3.54%.

On May 27, 2024, the Company granted 48,000 stock options with an exercise price of \$0.51 per share expiring on May 27, 2027. The fair value of the options was calculated using the Black-Scholes Option

Pricing Model with the following assumptions: (1) expected life of the options of 3 years, (2) expected volatility of 238%, (3) dividend yield of 0%, and (4) risk-free rate of 3.85%.

On June 18, 2024, the Company granted 50,000 stock options with an exercise price of \$0.55 per share expiring on June 18, 2027. The fair value of the options was calculated using the Black-Scholes Option Pricing Model with the following assumptions: (1) expected life of the options of 3 years, (2) expected volatility of 239%, (3) dividend yield of 0%, and (4) risk-free rate of 3.41%.

As of June 30, 2024, 3,444,500 options were outstanding of which 2,113,208 options were exercisable.

Warrants and Broker Warrants

On March 13, 2024, the Company issued 487,500 warrants and 552,040 Broker Warrants as described in the Capital Raise details above.

On April 5, 2024, the Company issued 571,700 warrants to purchase the Company's common shares at an exercise price of \$0.60 per warrant exercised in connection with the debt settlement agreement described above.

On June 21, 2024, in connection with the filing of a Prospectus Supplement, the Special Warrants automatically converted into 3,147,750 Warrants that partially comprised the Units.

As of June 30, 2024 and the date of this MD&A, 4,913,990 and 4,020,300, respectively warrants were outstanding.

Special Warrants

As of June 30, 2024 and the date of this MD&A, no Special Warrants were outstanding due to the automatic conversion of the Special Warrants to 6,295,500 common shares of the Company and 3,147,750 Warrants, as described in the capital raise above.

Restricted Share Units

On October 17, 2023, the Company granted 1,000,000 RSUs to a consultant. The RSUs vest 20% on the grant date and 20% on each of the three, six, nine and twelve months thereafter.

On October 17, 2023, the Company granted 150,000 RSUs to a consultant. The RSUs vest over a term of 3 years, with 1/3 vesting annually.

On October 17, 2023, the Company granted 100,000 RSUs to a consultant. The RSUs vest 33,333 on the grant date, 33,333 on the date that is three months from the grant date, and 33,334 on the date that is six months minus one day from the grant date.

On February 8, 2024, the Company granted 50,000 RSUs to its former chief executive officer & director. The RSUs vested immediately upon issuance.

On February 8, 2024, the Company granted 60,000 RSUs to its chief financial officer. The RSUs vest 25% on the grant date and 25% on each of the four, eight, and twelve months thereafter.

On April 16, 2024, the Company granted 500,000 RSUs to a consultant. The RSUs vested immediately.

On April 16, 2024, the Company granted 200,000 RSUs to a consultant. The RSUs vest 100,000 units on the grant date and 100,000 units on the date that is six months from the grant date.

On April 16, 2024, the Company granted 100,000 RSUs to its chief medical officer. The RSUs vest 20,000 on the grant date and 20,000 each on the date that is three, six, nine and twelve months from the grant date.

As of June 30, 2024 and the date of this MD&A, 1,460,000 RSUs and 1,760,000 RSUs, respectively, were outstanding and 700,000 and 1,170,000, respectively were fully vested.

RISK FACTORS

The following are certain factors relating to the business of the Company, which factors investors should carefully consider before purchasing securities of the Company. In addition, the information set forth elsewhere in this MD&A should be given special consideration when evaluating an investment in any of the common shares or other securities of the Company. These risks, described below, as well as additional risks and uncertainties not presently known to the Company, or that are currently considered immaterial, may impact the Company, operating results, liquidity and financial condition and could have material adverse affects. If any or all of these risks become increasingly significant and threaten the Company as a going concern, investors could lose a portion or all of their investment.

An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Company.

Risks Related to our Business and Industry

Inability to Leverage Technology

The Company's future growth depends on its ability to leverage its technology to offer new solutions. Development of new solutions is complex and subject to a number of risks present in the industry. The Company may not be able to successfully launch new solutions, and there can be no assurances the Company's engineering and development efforts will be successful in competing and launching such solutions. There can be no assurances that the Company will successfully develop or commercialize new solutions in a timely manner or at all, or that such solutions will achieve market acceptance. Any failure to design and implement new solutions on a timely basis and at a price acceptable to the Company's target markets may have a material adverse effect on the Company's business, growth, operating results and financial condition.

Competition

The industry in which the Company operates is highly competitive, is evolving and is characterized by technological change. Current or future competitors may have longer operating histories, larger customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Company. As a result, the Company's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause the Company to lose potential sales or to sell its solutions at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into the Company's market segments or geographic markets. The Company also expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. If the Company cannot compete against existing and future competitors, its business, results of operations and financial condition could be materially and adversely affected.

The Company's success will be dependent on its ability to market its products and services. There is no guarantee that the Company's products and services will remain competitive. Unforeseen competition, and the inability of the Company to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Company. The Company cannot assure that it will be able to compete effectively against existing and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

Intellectual Property

The Company relies on the trade secret and other intellectual property laws of Canada, the United States and the other countries where it intends to do business to protect its intellectual property rights. None of the Company's technologies are covered by any patent or patent application. The Company may be unable to prevent third parties from using its intellectual property without its authorization. The unauthorized use of the Company's intellectual property could reduce any competitive advantage that it has developed, reduce its market share or otherwise harm its business. In the event of unauthorized use of the Company's intellectual property, litigation to protect and enforce the Company's rights could be costly, and the Company may not prevail.

The Company relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Company generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Company's trade secrets and manufacturing expertise.

In addition, others may obtain knowledge about the Company's trade secrets through independent development or by legal means. The failure to protect the Company's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where product development or a process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Company's ability to make and sell its products or use such processes and could potentially result in costly litigation in which the Company might not prevail. The Company could face intellectual property infringement claims that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operation.

Reliance on Physicians and Other Healthcare Professionals

The Company relies on the availability of physicians and other healthcare professionals to continually evolve the clinical content within the Global Library of Medicine and to provide services through its CareBOT platform. If physicians and other healthcare professionals were unable or unwilling to provide

these services in the future, this may cause interruptions in the Company's business until these services are replaced. As such, vacancies and disabilities relating to the Company's current medical staff may cause interruptions in the Company's business and result in lower revenues.

As the Company expands its operations, it may encounter difficulty in securing the necessary professional medical and skilled support staff to support its expanding operations. There is currently a shortage of certain healthcare professionals globally and this may affect the Company's ability to hire physicians and other healthcare practitioners in adequate numbers to support its growth plans, which may adversely affect the business, financial condition and results of operations.

Infrastructure Risk

The Company's continued growth depends, in part, on the ability of its existing and potential customers to access its platform 24 hours a day, seven days a week, without interruption or degradation of performance. The Company may experience disruptions, data loss, outages and other performance problems with its infrastructure due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints, denial-of-service attacks, or other security related incidents. In some instances, the Company may not be able to identify the cause or causes of these performance problems immediately or in short order. The Company may not be able to maintain the level of service uptime and performance required by its customers, especially during peak usage times and as its products become more complex and its user traffic increases. If the Company's platform is unavailable or if the Company's customers are unable to access its products or deploy them within a reasonable amount of time, or at all, the Company's business would be harmed. Since the Company's customers rely on its service to access and complete their work, any outage on the Company's platform would impair the ability of its customers to perform their work, which would negatively impact the Company's brand, reputation and customer satisfaction. Moreover, the Company depends on services from various third parties to maintain its infrastructure and distribute its products via the Internet. Any disruptions in these services, including as a result of actions outside of its control, would significantly impact the continued performance of the Company's products. In the future, these services may not be available to the Company on commercially reasonable terms, or at all. Any loss of the right to use any of these services could result in decreased functionality of the Company's products until equivalent technology is either developed by the Company or, if available from another provider, is identified, obtained and integrated into the Company's infrastructure. If the Company does not accurately predict its infrastructure capacity requirement, its customers could experience service shortfalls. The Company may also be unable to effectively address capacity constraints, upgrade its systems as needed, and continually develop its technology and network architecture to accommodate actual and anticipated changes in technology.

Any of the above circumstances or events may harm the Company's reputation, cause customers to terminate their agreements with the Company, impair the Company's ability to obtain contract renewals from existing customers, impair the Company's ability to grow its customer base, and otherwise harm the Company's business, results of operations and financial conditions.

Cybersecurity Risks

Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer "hackers", malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for the Company to entirely mitigate these risks. The security measures the Company has integrated into its internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks

in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Company may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach of customer data security were to occur, as a result of third -party action, employee error, malfeasance or others, and the confidentiality, integrity or availability of the customers' data was disrupted, the Company could incur significant liability to its customers and to individuals or business whose information was being stored by its customers, and its products may be perceived as less desirable, which could negatively affect the Company's business and damage its reputation. Security breaches impacting the Company's products could result in a risk of loss or unauthorized disclosure of customers' information, which, in turn, could lead to litigation, governmental audits and investigations, and possible liability. In addition, a network or security breach could damage the Company's relationships with its existing customers, resulting in the loss of customers, and have a negative impact on its ability to attract and retain new customers.

These breaches, or any perceived breach, of the Company's network, its customers' networks, or other networks, whether or not any such breach is due to a vulnerability in the Company's products, may also undermine confidence in its products and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. Third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information, or otherwise compromise the security of the Company's internal networks, electronic systems and/or physical facilities in order to gain access to its data or its customers' data, which could result in significant legal and financial exposure, loss of confidence in the security of its products, interruptions or malfunctions in its operations, and, ultimately, harm to its future business prospects and revenue. The Company may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security.

Confidentiality of Personal and Health Information

The Company and its subsidiaries' employees have access, in the course of their duties, to the personal information of clients of the Company and specifically their medical histories. There can be no assurance that the Company's existing policies, procedures and systems will be sufficient to address the privacy concerns of existing and future clients.

The Company's products are used to transmit, receive and store a large volume of data, including personal information and other confidential information. The Company does not regularly monitor or review the content that its customers upload and store and, therefore, does not control the substance of the content on its servers, which may include personal information. The Company may experience successful attempts by third parties to obtain unauthorized access to the personal information of its customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personal information could have an adverse effect on the Company's business, financial condition and results of operations.

The Company is also subject to federal, state, provincial and foreign laws regarding privacy and protection of data. Some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data and its agreements with certain customers require the Company to notify them in the event of a security incident. The Company has posted on its website its privacy policy and terms of service, which describe its practices concerning the use, transmission and disclosure of customer data. In addition, the interpretation of data protection laws in the United States, Canada and elsewhere, and their application to the Internet, is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from jurisdiction to jurisdiction, and in a manner that is not consistent with the Company's current data protection practices. Changes to such data

protection laws may impose more stringent requirements for compliance and impose significant penalties for non-compliance. Any such new laws or regulations, or changing interpretations of existing laws and regulations, may cause the Company to incur significant costs and effort to ensure compliance.

The Company's failure to comply with federal, state, provincial and foreign laws regarding privacy and protection of data, as applicable, could lead to significant fines and penalties imposed by regulators, as well as claims by its customers and their customers. These proceedings or violations could force the Company to spend money in defense or settlement of such proceedings, result in the imposition of monetary liability, divert management's time and attention, increase the Company's costs of doing business, and adversely affect the Company's reputation and the demand for its products. In addition, if the Company's security measures fail to adequately protect personal information, the Company could be liable to both its customers and their customers for their losses. As a result, the Company could be subject to fines, could face regulatory action, and its customers could end their relationships with the Company. There can be no assurances that the limitations of liability in the Company's contracts would be enforceable or adequate or would otherwise protect the Company from any such liabilities or damages with respect to any particular claim. The Company also cannot be sure that its existing general liability insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or at all, or will be available in sufficient amounts to cover one or more large claims, or that its insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against the Company that exceeds its available insurance coverage, or changes in its insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could have an adverse effect on its business, financial condition and results of operations.

General Healthcare Regulation

Healthcare service providers in Canada are subject to various governmental regulations and licensing requirements and, as a result, the Company's businesses operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in government regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial conditions and results of operations of the Company's businesses. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

Reliance on Strategic Partnerships

To grow its business, the Company anticipates that it will continue to depend on relationships with third parties, known as partners or channels. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Company's competitors may be effective in providing incentives to third parties to favour their products or services over the Company's. In addition, acquisitions of the Company's partners by its competitors could result in a decrease in the number of its current and potential customers, as its partners may no longer facilitate the adoption of its applications by potential customers. If the Company is unsuccessful in establishing and maintaining its relationships with third parties, or if these third parties are unable or unwilling to provide services to the Company, the Company's ability to compete in the marketplace or to grow its revenue could be impaired, and its results of operations may suffer. Even if the Company is successful, it cannot be sure that these relationships will result in increased customer usage of its products or increased revenue.

Changes in Technology

The Company operates in a competitive industry characterized by rapid technological change and evolving industry standards. The Company's ability to attract new customers and increase revenue from existing customers will depend largely on its ability to anticipate industry standards and trends, respond to technological advances in its industry, and to continue to enhance existing products or to design and introduce new products on a timely basis to keep pace with technological developments and its customers' increasingly sophisticated needs. The success of any enhancement or new product depends on several factors, including the timely completion and market acceptance of the enhancement or new product. Any new product the Company develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of the Company's competitors implements new technologies before the Company is able to implement them, those competitors may be able to provide more effective products than the Company at lower prices. Any delay or failure in the introduction of new or enhanced products could harm the Company's business, results of operations and financial condition.

The Company's products are expected to embody complex technology that may not meet those standards, changes and preferences. The Company's ability to design, develop and commercially launch new products depends on a number of factors, including, but not limited to, its ability to design and implement solutions and services at an acceptable cost and quality, its ability to attract and retain skilled technical employees, the availability of critical components from third parties, and its ability to successfully complete the development of products in a timely manner. There is no guarantee that the Company will be able to respond to market demands. If the Company is unable to effectively respond to technological changes, or fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses which could negatively impact sales, profitability and the continued viability of its business.

Difficulty in Forecasting

Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The Company's estimates and forecasts relating to the size and expected growth of its target market, market demand and adoption, capacity to address this demand, and pricing may prove to be inaccurate. The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Revenue Risk

To increase its revenue and maintain profitability, the Company must add new customers or increase revenue from its existing customers. Numerous factors, however, may impede its ability to add new customers and increase revenue from its existing customers, including the Company's inability to convert new organizations into paying customers, failure to attract and effectively retain new sales and marketing personnel, failure to retain and motivate the Company's current sales and marketing personnel, failure to develop or expand relationships with channel partners, failure to successfully deploy products for new customers and provide quality customer support once deployed, or failure to ensure the effectiveness of its marketing programs. In addition, if prospective customers do not perceive the Company's products to be of sufficiently high value and quality, the Company will not be able to attract the number and types of new customers that it is seeking.

In addition, the Company's ability to attract new customers and increase revenue from existing customers depends in large part on its ability to enhance and improve its existing products and to introduce compelling new products that reflect the changing nature of its market. The success of any enhancement to its products depends on several factors, including timely completion and delivery, competitive pricing, adequate quality

testing, integration with existing technologies and its products, and overall market acceptance. If the Company is unable to successfully develop new products, enhance its existing products to meet customer requirements, or otherwise gain market acceptance, its business, results of operations and financial condition would be harmed.

Reputational Risk

Reputational damage can result from the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to the Company's overall ability to advance its products and services with customers, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Conflicts of Interest

Certain of the Company's directors and/or officers may also serve as directors and/or officers of other companies and consequently there exists the possibility for such directors and officers to be in a position of conflict requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the Canada Business Corporations Act and any decisions made by any of such directors and officers involving the Company are subject to the duties and obligations to deal fairly and in good faith with a view to the best interests of the Company.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Any failure to develop or maintain effective controls or any difficulties encountered in their implementation could harm the Company's results of operations or cause the Company to fail to meet its reporting obligations and may result in a restatement of its financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Company's reported financial and other information, which would likely have a negative effect on the trading price of the common shares.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Global Economy Risk

Global financial conditions have always been subject to volatility. This volatility may impact the Company's ability to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and price of the common shares could be adversely affected.

Risks Related to the Company

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient cash on demand to meet its liabilities when they fall due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

As of June 30, 2024 and December 31, 2023, the Company did not have any significant exposure to the risk of changes in market interest rates as the Company did not have any financial instruments that are exposed to variable interest rates.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The potential concentration of credit risk consists mainly of cash and other receivables. The Company limits its counterparty exposures from its cash by only dealing with well-established financial institutions of a high-quality credit standing. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

At the reporting date the majority of the Company's cash resources were deposited with reputable established financial institutions. As a result, management believes the Company is not exposed to significant credit risk due to the credit worthiness of these counterparties.

Foreign currency risk

Foreign currency risk arises from holdings of financial assets and liabilities in currencies other than the function currency to which they relate. The Company and its subsidiaries have minimal such holdings, consequently foreign currency risk is considered low.

Reliance on Key Personnel

The Company's success depends largely on the continued services of its executive officers and other key employees. The Company relies on its leadership team in the areas of research and development, operations, security, marketing, sales, customer support, general and administrative functions, and on individual contributors in its research and development and operations. From time to time, there may be changes in the Company's executive management team resulting from the hiring or departure of executives, which could disrupt, and harm, its ability to implement its business plan. The loss of one or more of the Company's executive officers or key employees could harm the Company's business. The Company will not have key person insurance in effect for management.

In addition, to execute its growth plan, the Company must attract and retain highly qualified personnel. Competition for these personnel is intense and there can be no assurances that the Company will be able to continue to attract and retain the personnel necessary for the development and operation of the Company's business. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of the Company's equity awards declines, it may harm the Company's ability to recruit and retain highly skilled employees. If the Company fails to attract new personnel or fails to retain and motivate current personnel, its business and future growth prospects could be harmed.

Limited operating history

We have a very limited operating history upon which to base an evaluation of our business and prospects. Our short operating history may hinder our ability to successfully meet our objectives and makes it difficult for potential investors to evaluate our business or prospective operations. We have not generated any revenues since inception and we are not currently profitable and may never become profitable.

Operating results for future periods are subject to numerous uncertainties, and we cannot assure you that the Company will achieve or sustain profitability. As an early-stage company, we are subject to all the risks inherent in the financing, expenditures, operations, complications and delays inherent in a new business. Future operating results will depend upon many factors, including our success in attracting and retaining motivated and qualified personnel, our ability to establish short term credit lines or obtain financing from other sources, our ability to develop and market new products, control costs, and general economic conditions. The Company's prospects must be considered in light of the risks encountered by companies in the early stage of development, particularly companies in new and rapidly evolving markets. We cannot assure you that the Company will successfully address any of these risks. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

Need for additional funding to continue operations

We require additional capital for the development of our business operations and commercialization of our planned products and product candidates. We may also encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may increase our capital needs and/or cause us to spend our cash resources faster than we expect. Accordingly, we will need to obtain substantial additional funding in order to continue our operations. The uncertainties surrounding our ability to fund our operations raise substantial doubt about our ability to continue as a going concern.

We may seek additional funds through public or private equity or debt financing, via strategic transactions or collaborative arrangements. Additional funding from those or other sources may not be available when or in the amounts needed, on acceptable terms, or at all. If we raise capital through the sale of equity, or securities convertible into equity, it would result in dilution to our existing shareholders, which could be significant depending on the price at which we may be able to sell our securities. If we raise additional capital through the incurrence of indebtedness, we would likely become subject to covenants restricting our business activities, and holders of debt instruments may have rights and privileges senior to those of our equity investors. In addition, servicing the interest and principal repayment obligations under debt facilities

could divert funds that would otherwise be available to support research and development, clinical or commercialization activities. If we obtain capital through collaborative arrangements, these arrangements could require us to relinquish rights to our technology or product candidates and could result in our receipt of only a portion of the revenues associated with the partnered product.

There are no assurances that future funding will be available on favorable terms, or at all. If additional funding is not obtained, we may need to reduce, defer or cancel research and development efforts, preclinical and lab work, planned clinical investigations, our cultivation operations, or overhead expenditures to the extent necessary. The failure to fund our operating and capital requirements could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts. Any of these events could significantly harm our business, financial condition and prospects.

Negative Cash Flow from Operations

During the six months ended June 30, 2024 and the year ended December 31, 2023, the Company had negative cash flow from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, proceeds from any future financings may be used to fund such negative cash flow from operating activities.

Difficulties in managing growth

As our development and commercialization plans and strategies develop, we expect to need additional research, development, managerial, operational, sales, marketing, financial, accounting, legal and other resources. Future growth would impose significant added responsibilities on members of management. Our management may not be able to accommodate those added responsibilities, and our failure to do so could prevent us from effectively managing future growth and successfully growing the Company.

We expect to incur significant ongoing costs and obligations related to our investment in infrastructure, growth, regulatory compliance and operations.

We expect to incur significant ongoing costs and obligations related to our investment in growth and regulatory compliance, which could have a material adverse impact on our results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition. Our efforts to grow our business may be costlier than we expect, and we may not be able to generate sufficient revenue to offset such higher operating expenses. We may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events.

Protection of Intellectual Property

The Company's commercial success depends to a significant degree upon its ability to develop new or improved technologies, instruments and products, and to obtain patents, where appropriate, or other intellectual property rights or statutory protection for these technologies and products in Canada and the United States. Despite devoting resources to the research and development of proprietary technology, the Company may not be able to develop new technology that is patentable or protectable. Further, patents issued to the Company, if any, could be challenged, held invalid or unenforceable, or be circumvented and may not provide the Company with necessary or sufficient protection or a competitive advantage.

Competitors and other third parties may be able to design around the Company's intellectual property or develop products similar to its products that are not within the scope of such intellectual property. The Company's inability to secure its intellectual property rights may have a materially adverse effect on its business and results of operations.

Prosecution and protection of the intellectual property rights sought can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of Canada or the United States.

We may become subject to claims by third parties asserting that we or our employees have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Our commercial success depends upon our ability to develop, manufacture, market and sell our products, and to use our related proprietary technologies without violating the intellectual property rights of others.

We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products. Third parties may assert infringement claims against us, and if we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue commercializing our products. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Under certain circumstances, we could be forced, including by court order, to cease commercializing the applicable product. In addition, in any such proceeding or litigation, we could be found liable for monetary damages. A finding of infringement could prevent us from commercializing our products or force us to cease some of our business operations, which could materially harm our business. Any claims by third parties that we have misappropriated their confidential information or trade secrets could have a similar negative impact on our business. We attempt to ensure that our products and the methods we employ to manufacture them, as well as the methods for their uses we intend to promote, do not infringe other parties' proprietary rights. There can be no assurance they do not, however, and competitors or other parties may assert that we infringe their proprietary rights in any event.

Other Information

Additional information regarding the Company is available on SEDAR+ at www.sedarplus.ca.