



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2023 and 2022

Dated November 29, 2023

EVOKAI CREATIVE LABS INC. (formerly Sebastiani Ventures Corp.)

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Dated: **November 29, 2023**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This interim management's discussion and analysis ("MD&A") reports on the operating results and financial condition of EvokAI Creative Labs Inc. (formerly Sebastiani Ventures Corp.) ("EvokAI") for the nine months ended September 30, 2023 and is prepared as at November 29, 2023. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), together with the unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2023, which were prepared in accordance with IFRS and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting (collectively, referred to as the "Financial Statements"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in United States ("US") dollars except where indicated otherwise.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings. These unaudited condensed consolidated interim financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings;

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- The Company’s ability to continue as a going concern;
- The Company’s strategies and objectives;
- The Company’s cost controls and other financial operating objectives;
- The availability of qualified employees for business operations;
- General business and economic conditions;
- The Company’s ability to meet its financial obligations as they become due;
- The positive cash flows and financial viability of its business;
- The Company’s ability to manage growth with respect to its business and new business opportunities; and
- The Company’s tax position, anticipated tax refunds and the tax rates applicable to the Company.

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

OVERVIEW AND OUTLOOK

EvokAI Creative Labs Inc. (the “Company” or “EvokAI”) was incorporated on July 7, 2021 in the British Virgin Islands. The Company’s head office address in Canada is 1600 – 609 Granville Street, Vancouver, British Columbia, V7Y 1C3, and the registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company also has a corporate office in Finland at GE Helsinki’s Campus, Kuortaneenkatu 2, Helsinki, Finland.

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Percentage Ownership	Functional Currency
EvokAI Innovation Corp.	BVI	100%	US
EvokAI Creative Labs Finland Oy (EvokAI Oy) ⁽¹⁾	Finland	100%	EURO
Advancience AG ⁽¹⁾	Switzerland	96% ⁽²⁾	EURO
Head Instruments Oy	Finland	100%	EURO
NeuroCarrier Oy	Finland	100%	EURO
Rehaboo Oy	Finland	100%	EURO

(1) Inactive

(2) University of Basel (Switzerland) owns 4%.

EvokAI is a MedTech artificial-intelligence-powered company dedicated to the development of transformational and innovative technologies for the modern health care sector. It deploys machine learning models to search medical data and uncover insights to help improve health outcomes, patient experiences, drug development, preclinical and clinical decisions, and provide more accurate diagnoses. EvokAI tailors its AI algorithms across the whole health care system, from hospitals, private clinics, research institutions, pharmaceutical companies, contract research organizations, to medical professionals, patients, healthy individuals aiming at preventing any kind of disease and beyond, protecting the aging genome.

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Reverse Take-Over Transaction

On April 11, 2023, Sebastiani Ventures Corp. ("Sebastiani") completed the acquisition of all of the outstanding shares of EvokAI Creative Labs Inc. ("EvokAI Privco"), which constituted a reverse takeover under the policies of the TSX Venture Exchange (the "Exchange") (the "RTO Transaction"), with the Company becoming the legal parent and EvokAI being the accounting acquiror (see Reverse Take-Over Transaction section).

Upon closing of the RTO Transaction, the Company's name changed from Sebastiani Ventures Corp. to EvokAI Creative Labs Inc., and on April 14, 2023, the Company graduated to Tier 2 of the Exchange and its trading symbol changed to OKAI. Subsequent to the closing of the RTO Transaction, EvokAI Privco changed its name to EvokAI Innovation Corp.

On July 21, 2023, the Company's common shares were listed for trading on the OTCQB Venture Market in the United States, under the trading symbol "OKAIF", and the Company received eligibility for book-entry delivery and depository services of the Depository Trust Corporation, to facilitate electronic settlement of the transfers of its common shares in the United States.

Acquisition of Head Instruments Oy

On May 29, 2023, pursuant to a definitive agreement dated effective April 21, 2023 (the "Head Agreement"), the Company acquired 100% of the outstanding securities of Head Instruments Oy ("Head") (the "Head Acquisition"). Head is a Finnish based MedTech company that develops medical devices. Pursuant to the terms of the Head Agreement, holders of 100% of Heads' common shares ("Head Shares") were issued an aggregate of 3,724,674 common shares of the Company having an aggregate value of \$3,786,780. The common shares issued are subject to a contractual hold period expiring May 31, 2024. Up to an additional 1,769,406 common shares of the Company are issuable to the previous holders of Head Shares upon Head achieving certain milestones on or before March 30, 2025. The Company attributed a value of \$464,292 to the contingently issuable common shares. The first milestone was not met and therefore 294,901 common shares were not issued, leaving up to 1,474,505 common shares issuable upon achievement of the remaining milestones.

With offices in Oulu, Finland, Head's advanced technologies and solutions provide means for accurate analysis of the magnitude of movement disorders and their response to medication. Other causes of movement disorders include dystonia, various diseases causing tremors, Tourette's syndrome, congenital CP (Cerebral Palsy) or MS (Multiple Sclerosis). Already used in university hospitals and by renowned neurosurgeons across Europe, the novel device and AI-based solution is also meant to be wirelessly connected to deep brain stimulation equipment, so that the monitor can automatically control brain synchronization based on observed symptoms. Involuntary movement of a body region, which may be oscillatory and can often be considered tremor, is a common and frustrating disorder. Visual observation by a neurologist dominates an assessment of the movement of a body region in clinical practice. All people, healthy or disordered, have tremor at some extent and determination of its development over time or under treatment is not possible, because a movement of a body region of a person at one moment cannot reliably be compared with that of another moment. Although technical measurements of the movement of a body region have been attempted, they are complicated, inefficient and insufficient.

Head's MDM Flex Sensor, which has received the CE Mark (European certification) approval, is a micro sensor that is being integrated into EvokAI's Movement Disorder Monitor ("MDM"), and offers a comprehensive and precise assessment of movement disorders, enabling health care professionals to monitor patients' progress with unparalleled accuracy.

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Acquisition of NeuroCarrier Oy

On June 15, 2023, pursuant to the terms of a definitive agreement dated May 16, 2023 between the Company and NeuroCarrier Oy ("NeuroCarrier") (the "NeuroCarrier Agreement"), the Company acquired 100% of the outstanding securities of NeuroCarrier (the "NeuroCarrier Acquisition"). NeuroCarrier is a Finnish based MedTech company that combines cognitive neuroscience, extended reality, and artificial intelligence technologies for enhanced screening and spatial perception of a person as well as risk behaviour. Pursuant to the terms of the NeuroCarrier Agreement, holders of 100% of NeuroCarriers' common shares ("NeuroCarrier Shares") were issued an aggregate of 2,202,000 common shares of the Company having an aggregate value of \$2,255,740. The common shares issued are subject to a contractual hold period expiring June 15, 2024. Up to an additional 367,000 common shares of the Company are issuable to the previous holders of NeuroCarrier Shares upon NeuroCarrier achieving MDR (European Medical Device Regulation) Class I approval on or before November 16, 2023. The Company attributed a value of \$581,570 to the contingently issuable common shares. The milestone was not met and therefore the 367,000 common shares were not issued.

NeuroCarrier's unique combination that merges the power of AI algorithms, extended reality and eye movement with deep understanding of human cognition allows EvokAI to create highly intuitive and immersive experiences, unlocking new possibilities for various industries, including healthcare, rehabilitation, risk behavior prediction, sports, gaming, and more.

Acquisition of Rehaboo Oy

On June 23, 2023, pursuant to the terms of a definitive agreement dated May 2, 2023 between the Company and Rehaboo Oy ("Rehaboo") (the "Rehaboo Agreement"), the Company acquired 100% of the outstanding securities of Rehaboo (the "Rehaboo Acquisition"). Rehaboo is a Finnish based MedTech company that has developed a cloud-based AI gaming platform that analyzes, learns, improves, and predicts from users' movement and cognitive activation, that is used at hospitals, elderly care homes, and as a home care solution. Pursuant to the terms of the Rehaboo Agreement, holders of 100% of Rehaboos' common shares ("Rehaboo Shares") were issued an aggregate of 3,547,321 common shares of the Company having an aggregate value of \$4,246,592. The common shares issued are subject to a contractual hold period expiring November 30, 2023. Rehaboo's Active cloud-based AI gaming platform is a solution that analyzes, learns, improves, and predicts from users' movement and cognitive activation. It is currently being used at hospitals, elderly care homes, and as a home care solution in tens of locations in Finland and Denmark, also in research pilots in Singapore and Oslo, Norway. Rehaboo's platform has the potential to tackle the burden of several diseases associated with cognitive functions and inactivity. In addition, the platform provides vast improvement in home care through accessibility and by creating a sort of metaverse for elderly generation, where users can exercise while joining a playful competition with an avatar.

Rehaboo's platform improves blood flow to the brain and cognitive functions, whilst promoting the growth of new brain cells. Its uniqueness, easy to scale and novel algorithms provide data analytics, real-time feedback and progress tracking. Most relevant is the platform's ability to adapt according to users' capabilities. It analyzes movements and provides personalized feedback on form and technique, also adjusting the difficulty level based on the user's performance.

The integration of Rehaboo's technology and know-how within EvokAI's ecosystem will open up new avenues for innovation and disruption in the gamification era, further driving advancements in the early detection of neurological disorders.

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Key features and differentiators that make EvokAI unique:

- **Immersive Experiences:** EvokAI offers an unparalleled level of immersion, blurring the boundaries between the digital and physical worlds. Through its advanced technologies, users can engage in realistic simulations and interact with virtual environments to assessing cognitive performance in ways that were previously unimaginable.
- **Customizable Solutions:** Understanding that each industry has unique requirements, EvokAI provides fully customizable solutions tailored to specific needs. Whether it's designing personalized rehabilitation programs or creating interactive training modules, our platform adapts to the diverse demands of our customers.
- **Seamless Integration:** EvokAI's solutions seamlessly integrate with existing infrastructures and technologies, making the adoption process smooth and hassle-free. By eliminating compatibility issues, we ensure a faster time to market and quicker realization of benefits for our customers.
- **Unmatched Performance:** Our cognitive computing platform leverages state-of-the-art AI algorithms and advanced neuroscientific principles to deliver unparalleled performance. This enables faster decision-making, precise data analysis, and superior user experiences.

The Company has a history of losses and anticipates future losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to obtain sufficient additional funding and to generate sufficient revenues and positive cash flows from its operating activities to meet its obligations and fund its planned investment and operations.

REVERSE TAKE-OVER TRANSACTION

On April 11, 2023, Sebastiani completed the acquisition of all of the outstanding shares of EvokAI Privco, which constituted a reverse takeover under the policies of the Exchange (the "RTO Transaction"), with the Company becoming the legal parent and EvokAI being the accounting acquiror. The RTO Transaction was completed pursuant to a business combination agreement dated September 22, 2022, as amended March 23, 2023, among Sebastiani, its wholly owned subsidiary Sebastiani Mergerco Inc., and EvokAI Privco (the "Merger Agreement"), whereby Sebastiani Mergerco and EvokAI Privco merged, and the resulting company became a wholly owned subsidiary of the Company and named EvokAI Innovation Corp., and Sebastiani changed its name to EvokAI Creative Labs Inc.

Immediately prior to the RTO Transaction, Sebastiani completed a share consolidation on the basis of 2.6628503 old shares for 1 new share (the "Consolidation"), and an aggregate of 3,892,909 EvokAI Privco shares were returned to treasury and cancelled for no consideration. As a result of the RTO Transaction, the Company issued to the shareholders of EvokAI Privco 51,500,000 post-consolidation common shares of the Company for all EvokAI Privco shares outstanding.

The RTO Transaction constituted a reverse takeover under the policies of the Exchange and a reverse acquisition for accounting purposes, with EvokAI Privco deemed to have been the acquiror due to the fact that at closing, the former holders of EvokAI Privco held 73.7% of the total common shares issued and outstanding in the Company. The RTO Transaction is therefore considered a purchase of Sebastiani's net assets by the shareholders of EvokAI Privco.

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Although the RTO Transaction resulted in a legal business combination, from an accounting perspective, the Acquisition is considered to be a reverse take-over. In accordance with reverse acquisition accounting:

- i. The assets and liabilities of EvokAI Privco are included at their historical value.
- ii. The net assets of Sebastiani are included at fair value and assumed to be equal to their carrying value at April 11, 2023.
- iii. Share capital, reserves, and deficit of Sebastiani up to the closing of the RTO Transaction on April 11, 2023, were eliminated.

The RTO Transaction was measured at the fair value of the shares that EvokAI Privco would have to issue to shareholders of Sebastiani to give shareholders of Sebastiani the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of EvokAI Privco acquiring Sebastiani.

The number of shares which results in the estimated fair value of shares of the Company retained by Sebastiani’s shareholders is 8,414,268 and therefore the fair value is \$2,683,571, which is based upon \$0.32 (CAD \$0.43) per common share. In addition, the deemed acquisition cost includes Sebastiani’s share purchase warrants existing at the time of the RTO Transaction or 1,251,791 post-consolidated share purchase warrants. The fair value of the warrants was calculated to be \$158,606 using the Black-Scholes pricing model which requires the input of highly subjective assumptions; changes in the subjective input assumptions can materially affect the fair value estimate. The following assumptions were used in the option model: share price of \$0.32 (CAD \$0.43), expected life of 0.14 years, expected volatility of 100%, risk free interest rate of 3.78%, and dividend yield of 0%.

The acquisition of the net assets of Sebastiani by EvokAI Privco is summarized as follows:

8,414,268 shares issued	\$	2,683,571
1,251,791 Sebastiani share purchase warrants		158,606
Transaction costs		85,556
Total consideration		2,927,733
Fair value of net assets acquired:		
Cash		3,757,886
Receivables		7,764
Balances outstanding with associated entities		2,418
Commitment to issue shares		(3,708,500)
Accounts payable and accrued liabilities		(252,272)
		<u>(192,704)</u>
Listing expense	\$	3,120,437

A listing expense of \$3,120,437 has been included in deficit to reflect the difference between the fair value of the amount paid and the fair value of the net assets acquired in accordance with IFRS 2 – Share-based payment.

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SUMMARY OF QUARTERLY RESULTS¹

	3rd Quarter Ended September 30, 2023	2nd Quarter Ended June 30, 2023	1st Quarter Ended March 31, 2023	4th Quarter Ended December 31, 2022
Revenue	\$ 12,767	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss	\$ 704,569	\$ 3,667,403	\$ 470,931	\$ 400,910
Loss per share	\$ 0.01	\$ 0.06	\$ 0.03	\$ 0.03
	3rd Quarter Ended September 30, 2022	2nd Quarter Ended June 30, 2022	1st Quarter Ended March 31, 2022	4th Quarter Ended December 31, 2021
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss	\$ 124,885	\$ 104,642	\$ 85,053	\$ 2,876,669
Loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.31

¹ Unaudited financial information prepared in accordance with IFRS.

Results for the quarters reported in the table above reflect the Company’s operating costs as it focused its efforts on the research and development of its AI platform. The increased costs in Q2 – 2023 principally related to completion of the RTO Transaction, share-based compensation expenses related to the grant of options during the period, and to the costs associated with the Company’s acquisition of Head, NeuroCarrier, and Rehaboo.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 COMPARED TO THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

The following is an analysis of the Company’s operating results for the three and nine months ended September 30, 2023 and includes a comparison against the comparable periods in the previous year.

Sales for the three and nine months ended September 30, 2023 were \$12,767 and \$12,767, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. During the current period, the Company recognized initial sales from its Rehaboo AI platform.

Advertising and promotion expenses for the three and nine months ended September 30, 2023 were \$11,378 and \$15,934, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively.

Consulting fees for the three and nine months ended September 30, 2023 were \$77,544 and \$167,329, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. Consulting fees included fees paid to the Company’s CEO and management fees paid to a company with a director in common with the Company.

Finance expenses for the three and nine months ended September 30, 2023 were \$7,928 and \$10,080, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. Finance expense is related to loans acquired during the period.

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Foreign exchange loss for the three and nine months ended September 30, 2023 was \$44 and \$2,141, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively.

General and administrative expenses for the three and nine months ended September 30, 2023 were \$28,179 and \$239,741, respectively, compared to \$94,064 and \$177,734 for the three and nine months ended September 30, 2022, respectively. General and administrative expenses principally related to office and general overhead expenditures prior to the RTO Transaction.

Professional fees for the three and nine months ended September 30, 2023 were \$172,052 and \$225,529, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. Professional fees are principally related to audit and legal fees.

Research and development expenses for the three and nine months ended September 30, 2023 were \$41,813 and \$366,386, respectively, compared to \$30,500 and \$136,525 for the three and nine months ended September 30, 2022, respectively. Research and development expenses are principally related to the ongoing development of the Company's AI platform, and to integration of the technologies acquired in the Head, NeuroCarrier, and Rehaboo acquisitions.

Rent expense for the three and nine months ended September 30, 2023 was \$18,329 and \$44,722, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. Rent expense for the current period relates to the Company's office in Finland.

Salaries and wages for the three and nine months ended September 30, 2023 were \$100,317 and \$113,501, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. Salaries and wages are for the Company's staff based in Finland.

Shareholder communications expenses for the three and nine months ended September 30, 2023 were \$nil and \$3,248, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively.

Share-based payments expense for the three and nine months ended September 30, 2023 was \$209,252 and \$456,903, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. Share-based payments expenses related to stock options and RSUs granted during the period.

Transfer agent and filing fees for the three and nine months ended September 30, 2023 were \$28,090 and \$73,650, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively. The higher fees for the current period relate to fees associated with RTO Transaction.

Travel and accommodation expenses for the three and nine months ended September 30, 2023 were \$13,261 and \$38,077, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2022, respectively.

Listing expense for the three and nine months ended September 30, 2023 was \$nil and \$3,120,437, respectively, compared to \$nil and \$nil for the three and nine months ended September 30, 2023, respectively, and related to the Company's RTO transaction during the current period.

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Translation adjustment for the three and nine months ended September 30, 2023 was a loss of \$9,149 and a gain of \$22,008, respectively, compared to losses of \$321 and \$321 for the three and nine months ended September 30, 2022, respectively.

LOSS AND COMPREHENSIVE LOSS

As a result of the activities discussed above, the Company experienced a net loss and comprehensive loss of \$704,569 and \$4,842,903 for the three and nine months ended September 30, 2023, respectively, compared to a net loss and comprehensive loss of \$124,885 and \$314,580 for the three and nine months ended September 30, 2022, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital that it manages as cash and equity, consisting of issued common shares, share-based payments reserve, commitment to issue shares, and stock options and RSUs. The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to fund existing operations, search for new business opportunities and thereby provide returns to its shareholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at September 30, 2023, the Company is not subject to any externally imposed capital requirement or debt covenants. There was no change to the Company’s approach to capital management during the period ended September 30, 2023.

As at September 30, 2023, the Company had working capital of \$1,032,941 (December 31, 2022 – working capital deficit of \$660,152) including cash that totaled \$1,300,839 (December 31, 2022 - \$4,064). As at September 30, 2023, the Company did not have any significant sources of revenue and has a history of losses. In connection with the RTO Transaction (see Reverse Take-Over Transaction section), the Company completed a financing for aggregate gross proceeds of \$3,708,500. The Company expects to incur further losses in its business and as such, the Company will require additional financing to accomplish its long-term strategic objectives. There can be no certainty of the Company’s ability to raise additional financing. If the Company is unable to finance itself, it is possible that the Company will be unable to continue as a going concern. These factors raise doubt as to the ability of the Company to continue as a going concern.

A summary of the Company’s cash flows during the nine months ended September 30, 2023 and September 30, 2022 is as follows:

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Cash flows used in operating activities	\$ (2,366,470)	\$ (1,155)
Cash flows provided from investing activities	3,755,216	-
Cash flows provided used in financing activities	(95,033)	-
Translation adjustment	3,062	(321)
Increase/(Decrease) in cash for the period	1,296,775	(1,476)
Cash, beginning of the period	4,064	5,338
Cash, end of the period	\$ 1,300,839	\$ 3,862

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Cash flows used in operating activities were \$2,366,470 during the nine months ended September 30, 2023 compared to \$1,155 during the nine months ended September 30, 2022. The cash was used to maintain the administrative and reporting needs of the Company, for accounts payable and accrued liabilities existing at closing of the RTO Transaction, and to fund the development and commercialization of the Company’s AI platform.

Cash flows provided from investing activities were \$3,755,216 during the nine months ended September 30, 2023 compared to \$nil for the nine months ended September 30, 2022. During the period ended September 30, 2023, the Company generated \$3,757,886 from the RTO transaction and \$110,227 from the acquisition of Head, less \$52,424 on the acquisition of NeuroCarrier and \$60,473 on the acquisition of Rehaboo.

Cash flows used in financing activities were \$95,033 during the nine months ended September 30, 2023 compared to \$nil for the nine months ended September 30, 2022 and related to share issuance costs of \$74,341 and loan repayments of \$20,692.

As a result of the above activities, at September 30, 2023, the Company has \$1,300,839 of cash to settle current liabilities of \$328,641.

The Company’s financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the following common shares, options and share purchase warrants were outstanding (no preferred shares are outstanding):

	# of Shares
Issued and Outstanding Common Shares at November 29, 2023	76,054,930
Stock Options	3,550,000
Warrants	3,333,333
RSUs	425,000
Fully diluted at November 29, 2023	83,363,263

Authorized

Unlimited common shares and preferred shares without par value.

Issued and outstanding

On completion of the RTO Transaction, the previously issued 6,666,667 subscription receipts (the “Subscription Receipts”) issued pursuant to a private placement financing that closed December 22, 2022 for aggregate gross proceeds of \$3,708,500 (CAD \$5,000,000) (the “Concurrent Financing”), were automatically exchanged for units of EvokAI Privco, which were immediately converted into an aggregate of 6,666,667 units of EvokAI for no

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additional consideration. Each unit consists of one common share and one-half of one share purchase warrant. Each full share purchase warrant entitles the holder thereof to acquire one common share at a price of CAD \$1.25 per common share until April 11, 2025. On close, \$3,708,500 was reclassified from commitment to issue shares. Using the residual value method, \$2,126,207 was recognized to share capital and \$1,582,293 to reserves. In connection with the Concurrent Financing, the Company paid share issuance costs of \$74,341.

Immediately prior to the RTO Transaction, an aggregate of 3,892,909 common shares of EvokAI Privco were returned to treasury and cancelled for no consideration. The Company reclassified \$440,534 from share capital to reserves. As a result of the RTO Transaction, the remaining EvokAI Privco common and preferred shares were subject to the Exchange Ratio, resulting in the issuance of an aggregate of 51,500,000 post-Consolidation common shares to EvokAI Privco shareholders. Upon closing of the RTO Transaction, the Company cancelled 661,290 preferred shares and reclassified \$2,050,000 to common share capital.

On May 29, 2023, the Company acquired 100% of the outstanding securities of Head by issuing 3,724,674 common shares with a value of \$3,786,780. The common shares are subject to a contractual hold period expiring May 30, 2024.

On June 15, 2023, the Company acquired 100% of the outstanding securities of NeuroCarrier by issuing 2,220,000 common shares with a value of \$2,255,740. The common shares are subject to a contractual hold period expiring June 14, 2024.

On June 23, 2023, the Company acquired 100% of the outstanding securities of Rehaboo by issuing 3,547,321 common shares with a value of \$4,246,592. The common shares issued are subject to a contractual hold period expiring November 30, 2023.

Escrow shares

Following closing of the RTO Transaction, an aggregate of 39,704,938 common shares were subject to escrow, with 5% released on April 11, 2023, and the balance to be released over a period of 36 months. An additional 9,153,176 common shares are subject to additional pooling restrictions, with 10% released on April 11, 2023, and the balance to be released over a period of 36 months. As at the date of this MD&A, 35,734,444 are subject to escrow and 6,864,882 subject to pooling restrictions.

Omnibus Incentive Plan

On April 11, 2023, the Company adopted a new security-based compensation plan (the "Omnibus Incentive Plan") that allows the Company to implement a stock option plan ("Option Plan"), deferred share unit plan ("DSU Plan"), and a restricted share unit plan ("RSU Plan"). The Omnibus Incentive Plan is a hybrid plan (10% rolling and fixed up to 10%). The Company has implemented an Option Plan and an RSU Plan.

Stock Options

Pursuant to the Option Plan, the Company can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board

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of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

The Option Plan provides that the number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by such an individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. All options granted under the Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability. Options granted under the Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price (CAD)
Balance, as at December 31, 2021 and 2022	-	\$-
Options granted	3,675,000	1.03
Options cancelled	(175,000)	\$1.00
Balance, as at September 30, 2023	3,500,000	\$ 1.03
Options granted	50,000	\$1.05
Balance, as at the date of this MD&A	3,550,000	\$1.03

As at the date of this MD&A, stock options outstanding and exercisable are as follows:

Grant Date	Number of Options	Options Exercisable	Exercise Price (CAD)	Expiry Date	Remaining Contractual Life (Years) (from date of this MD&A)
April 11, 2023	3,375,000	843,750	\$ 1.00	April 11, 2028	4.37
April 11, 2023	25,000	25,000	\$ 1.00	November 30, 2023	0.01
June 1, 2023	50,000	6,250	\$ 2.14	June 1, 2028	4.50
June 5, 2023	50,000	6,250	\$ 2.15	April 11, 2028	4.37
October 18, 2023	50,000	-	\$ 1.05	October 18, 2028	4.90
Total	3,550,000	881,250			

During the period ended September 30, 2023, the Company granted an aggregate of 3,675,000 (year ended December 31, 2022 – \$nil) stock options with a weighted average fair value of CAD \$0.31 (year ended December 31, 2022 - \$nil) per stock option. During the period ended September 30, 2023, the Company recognized share-based payments of \$415,813 (2022 - \$nil) related to stock options granted.

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The fair value of stock options at date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	September 30, 2023	December 31, 2022
Weighted average share price	CAD \$0.475	N/A
Risk-free interest rate	3.07%	N/A
Expected life of option	5.00 years	N/A
Expected annualized volatility	100%	N/A
Expected dividend rate	Nil	N/A

Restricted Share Units

The Company has implemented a restricted share unit plan (the "RSU Plan") whereby the board of directors may, from time to time, grant RSUs to employees, consultants, officers or directors of the Company. The board of directors may determine the time during which the RSUs shall vest and the method of vesting, or that no vesting restriction shall exist.

On April 11, 2023 the Company granted 425,000 RSUs to certain directors, officers and a consultant of the Company. The RSUs vest by one quarter one year from grant date, and the one quarter every six months thereafter. During the period ended September 30, 2023, the Company recognized \$41,090 (2022 - \$nil) for RSUs granted.

A summary of the RSU activity during the nine months ended September 30, 2023 is as follows:

	Number of RSUs
Outstanding balance, December 31, 2021 and 2022	-
Granted	425,000
Outstanding balance, September 30, 2023 and the date of this MD&A	425,000

The combined maximum number of common shares authorized for issuance under RSU and DSU Plans (DSU Plan has not been implemented) is 6,658,095.

Warrants

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Balance, December 31, 2022	-	-
Issued as replacement warrants	1,251,791	\$0.266
Issued with Concurrent Financing	3,333,333	\$1.25
Expired, unexercised	(1,251,791)	\$0.266
Balance, September 30, 2023 and the date of this MD&A	3,333,333	\$1.25

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As at September 30, 2023, and the date of this MD&A, a summary of warrants outstanding and exercisable are as follows:

Number of Warrants Outstanding	Exercise Price (CAD)	Expiry Date	Remaining Contractual Life (Years) (from the date of this MD&A)
3,333,333	\$ 1.25	April 11, 2025	1.37

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key Personnel Compensation

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 Company's Board of Directors and corporate officers.

Key management compensation for the period ended September 30, 2023 and 2022 are as follows:

Type of Service	Nature of Relationship	For the nine months ended September 30,	
		2023	2022
Non-cash share-based payments	Directors and officers	\$ 288,719	\$ -
Consulting and management fees	Officer and a company with a Director in common with the Company	105,000	-
Total		\$ 393,719	\$ -

During the period ended September 30, 2023, the Company made payments of \$299,912 (2022 - \$106,025) for research & development and \$171,077 (2022 - \$83,670) for general & administrative expenses and recognized share-based payments of \$16,327 (2022 - \$nil) to Union Group Ventures Limited, the former controlling shareholder of EvokAI Privco, and significant shareholder of the Company.

The following table comprises amounts due to related parties:

	September 30, 2023	December 31, 2022
Alejandro Antalich (CEO)	\$ 9,036	\$ -
Union Group Ventures Limited (significant shareholder)	-	645,416
	\$ 9,036	\$ 645,416

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FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the US dollar. At September 30, 2023, cash balances were held primarily in Canadian and Euros. Changes in the exchange rate between foreign currencies and the US dollar could have an impact on the Company's financial position, results of operations and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk, however, exchange rates are continually monitored for any significant changes. At September 30, 2023 the Company is mainly exposed to foreign currency risk on financial instruments (consisting of trade payables) denominated in Canadian dollars and Euros.

At September 30, 2023 and December 31, 2022, the Company had the following foreign currency denominated trade payables:

	Canadian Dollars		Euros	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Financial Assets				
Cash	\$ 1,245,432	\$ -	\$ 51,343	\$ -
Accounts receivable	6,428	-	18,631	-
Financial Liabilities				
Accounts payable	\$ 42,596	\$ -	\$ 181,511	\$ -
Related party payables	9,036	-	-	-
Loans payable	-	-	833,199	-

It is estimated that a 10% fluctuation in the Canadian dollar and Euro against the US dollar would affect net loss at September 30, 2023 by approximately \$25,549 (December 31, 2022 - \$nil).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

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(iii) Price rate risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, which consists entirely of cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2023, the Company has a cash balance of \$1,300,839 (December 31, 2022 - \$4,064) to settle current liabilities of \$328,641 (December 31, 2022 - \$664,216). As such, the Company has sufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year.

At September 30, 2023, the Company has no significant sources of revenue to fund its operating and research and development expenditures and has historically relied on equity financings and loans from its shareholders to fund its operations. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern. Consequently, the Company is exposed to liquidity risk as at September 30, 2023.

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data. The fair value of cash is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets.

As at September 30, 2023, the Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, due to related parties, and loans payable. Cash is classified as fair value through profit or loss and receivables are classified as amortized cost. Accounts payable and accrued liabilities, due to related parties and loans payable are also classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

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SEGMENTED INFORMATION

Operating segments are components of an entity whose operating results are regularly reviewed by officers of the Company in deciding how to allocate resources and in assessing performance and for which separate financial information is available.

The Company has one operating segment, which is involved in the research and development, and commercialization of artificial intelligence based products and services for the MedTech sector.

Segment performance is evaluated based on several operating and financial measures, including net loss and total comprehensive loss, which is measured consistently with net loss and total comprehensive loss in the condensed interim consolidated financial statements.

The net loss and total comprehensive loss are distributed by geographical region as follows:

	Nine Months Ended September 30,	
	2023	2022
Canada	\$ 4,029,098	\$ -
Finland	835,813	314,259
	\$ 4,864,911	\$ 314,249

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

A. Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

(i) Deferred income tax

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

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(ii) Share-based payments

The cost of share-based payment transactions with employees are measured by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, risk-free interest rate, expected forfeiture rate and dividend yield of the stock option.

(iii) Equity settled transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity-settled transactions with non-employees are recorded at the fair value of the service provided, where this is readily determinable. In other instances, they are recorded at the fair value of the equity instruments issued. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share-based award, volatility and dividend yield and making assumptions about them.

B. Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the statements are, but are not limited to, the following:

(i) Going concern

The assessment of the Company's ability to continue as a going concern as discussed in Note 1 of the Condensed Consolidation Interim Financial Statements involves judgment regarding future funding available for its operations and working capital requirements.

(ii) Functional currency

The functional currency of an entity is assessed on a standalone basis to determine the economic substance of the currency in which each entity performs its operations. The functional currency of EvokAI Creative Labs Inc. is the Canadian Dollar. The functional currency of EvokAI Innovation is the US dollar. The functional currency of Head, NeuroCarrier, EvokAI Oy, and Rehaboo is the Euro.

(iii) Estimated useful life

The useful life of some of the Company's non-current assets is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A

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reduction in the estimated useful life of any non-current asset would increase the recorded operating expenses and decrease long-term assets.

(iv) Business combinations

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. During the period ended September 30, 2023, the Company completed a reverse takeover and three acquisitions (see Overview and Outlook section) and concluded that the transactions did not qualify as business combinations under IFRS 3, "Business Combinations."

RISKS AND UNCERTAINTIES

Ongoing Need for Financing

It is intended that the Company will continue to make investments to support business growth and may require additional funds to respond to business challenges, including the need to develop new services or enhance existing services, enhance operating infrastructure and acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, additional financing may not be available on favourable terms, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to them, when they require it, their ability to continue to support business growth and to respond to business challenges could be significantly limited.

Company's Limited Operating History upon which its Business can be Evaluated

The Company's business and prospects must be considered in light of the risk, expenses and difficulties frequently encountered by technology companies in the early stage of product development. Such risks include the unpredictable nature of the Company's business, its ability to anticipate and adapt to a dynamic market and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Company will be successful in addressing these risks.

Lack of Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on the results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

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Dependence of Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required. These personnel will be central to the Company's ability to locate and develop business opportunities.

Lack of Trading

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of companies on the TSX Venture Exchange are often volatile. Factors such as announcements of financial results, and other factors could have a significant effect on the price of the Company's shares.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedarplus.com.