



CYBERCATCH HOLDINGS, INC.
(Formerly Hopefield Ventures Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2023 AND 2022
(Expressed in Canadian dollars unless otherwise stated)

INTRODUCTION

The following management discussion and analysis ("MD&A") for CyberCatch Holdings, Inc., prepared as at December 29, 2023, should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended October 31, 2023 and 2022 and the audited consolidated financial statements and accompanying notes for the years ended July 31, 2023 and 2022. The unaudited condensed interim consolidated financial statements for the three months ended October 31, 2023 and 2022 have been prepared in accordance with IAS 34 and International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

COMPANY OVERVIEW AND HISTORY

CyberCatch Holdings, Inc. was incorporated under the Business Corporations Act (British Columbia) on April 6, 2021. The Company's head office is located at 4445 Eastgate Mall, Suite 200, San Diego, California and its registered office is located at 1500-1055 West Georgia Street, Vancouver, B.C.

The unaudited condensed interim consolidated financial statements for the three months ended October 31, 2023 and 2022 have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at October 31, 2023, the Company had an accumulated deficit of \$19,487,080 (July 31, 2023 - \$18,116,456). The Company has incurred losses since inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. The unaudited condensed interim consolidated financial statements for the three months ended October 31, 2023 and 2022 do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

ABOUT CYBERCATCH HOLDINGS, INC. ("CYBERCATCH")

CyberCatch and its subsidiaries provide an artificial intelligence (AI)-enabled Software as a Service ("SaaS") platform solution for continuous compliance, security and cyber risk mitigation ("Platform Solution") and has obtained a patent from the United States Patent and Trademark Office ("USPTO"). CyberCatch specializes in serving small and medium-sized businesses ("SMBs") and small and medium enterprises ("SMEs") in the United States and Canada. The cloud-native platform solution first helps an SMB/SME implement a baseline of cybersecurity controls in accordance with a regulation, standard or framework, then automatically and continuously tests the controls to identify control deficiencies and non-compliance with cybersecurity requirements, so the SMB/SME can take prompt action to remediate the control deficiency, regain compliance with cybersecurity requirements and avoid creating a security weakness that an attacker can exploit to commit a data theft or ransomware attack.

CyberCatch's founder is Sai Huda, the former founder, Chairman and CEO of Compliance Coach Inc., a compliance risk management SaaS company and focused in the financial services sector that was acquired by Fidelity National Information Services Inc. ("FIS"), a Fortune 500 and NYSE-traded company and member of the S&P 500 Index. While at FIS, Mr. Huda served as the General Manager of Risk, Information Security and Compliance Solutions and under Mr. Huda's leadership, FIS attained a number one ranking on the RiskTech100. Mr. Huda is the author of the book, Next Level Cybersecurity and helped author Canada's National Cyber Security Standard, CAN/CIOSC 104. Many SMBs/SMEs have a digital aspect to their business, including websites and other internet-facing applications, and are therefore vulnerable to cyberattacks. CyberCatch's Platform Solution enables an SMB to implement cybersecurity controls efficiently and effectively and in accordance with NIST 800-171, NIST CSF, Zero Trust Principles, CAN/CIOSC 104 or other cybersecurity requirements.

The Platform Solution comprises of the following modules:

- **CyberBenchmark** enables an SMB to perform a cybersecurity assessment, including the implementation and documentation for required controls. CyberBenchmark provides a workflow engine, an AI-enabled cybersecurity advisor and dashboard to show the organization's progress in real-time including providing charts and other forms of compliance verification. It also calculates a Cyber Hygiene Score and other compliance related scores.
- **CyberVirtualCISO** provides an SMB with virtual access, including consulting a team of industry-leading cybersecurity experts, during the cybersecurity assessment.
- **CyberThreatTV** provides online security awareness training to SMB employees focused on detecting red flags of phishing, social engineering, ransomware, among other threats.
- **CyberXRay** scans an SMB's internet-facing information technology assets, such as websites, web servers or web applications, to detect vulnerabilities. CyberXRay detects vulnerabilities that hackers have been known to exploit and alerts the SMB to patch or remediate.
- **CyberPhisher** tests a key control, the human element, by assessing an SMB employee's ability to recognize phishing attacks, including other social engineering techniques, by sending simulated phishing emails and alerts to the SMB for remedial action.
- **CyberCheck24/7** involves a lightweight agent, which is non-intrusive and automated, for controls testing. The agent runs on an SMB's internal network to test and identify control deficiencies by providing alerts on a dashboard. The SMB can take remedial action to remove the security weaknesses that an attacker could potentially exploit.

The Platform Solution's automated three-dimensional testing of controls is unique and provides a robust and dynamic assessment of the status of implemented cybersecurity controls and compliance with cybersecurity requirements. The Platform Solution calculates a Cyber Breach Score, a unique and dynamic measure of cyber risk for an SMB.

Patent

The USPTO approved and issued a patent to CyberCatch on February 24, 2022 (the "**Patent**"). Patent No. US 11,297,094 "*Automated and Continuous Cybersecurity Assessment with Measurement and Scoring*" was published by the USPTO on April 5, 2022, with the Patent covering approval of 28 claims relating to automation of cybersecurity controls assessment, calculation of Cyber Hygiene Score, automation of cybersecurity controls testing comprised of outside-in, inside-out and social-engineering tests and calculation of Cyber Breach Score that indicates effectiveness of implemented cybersecurity controls.

Research

CyberCatch has developed its proprietary cloud-native cybersecurity Platform Solution internally and plans to continue additional research and development to expand artificial intelligence capabilities to deliver additional value for its SMB/SME customers.

Competitive Conditions

CyberCatch does not have any direct competitors for its unique, patented, cloud-native SaaS platform for SMBs, other than cybersecurity consulting companies that offer cybersecurity consulting assessment or penetration test engagements, which are typically based on billable hourly contracts.

CyberCatch believes that its SaaS platform solution will be less costly in comparison and provides automated continuous testing of controls and timely detection of security holes for prompt risk mitigation, which it believes is preferable to once a year penetration tests performed by a consultant. CyberCatch is in the process of further educating the market on operational advantages associated with CyberCatch's products. CyberCatch believes that recent cybersecurity mandates and standards such as NIST 800-171 and Zero Trust in the United States and CAN/CIOSC 104 in Canada has created demand for its products and expects that its product offerings will gain significant market share in the future, relative to the sale of traditional cybersecurity offerings. CyberCatch's patented cloud-native three dimensional automated cybersecurity controls testing platform specifically designed for SMBs to maintain continuous compliance and security, coupled with the strategic partnerships signed, such as with the CIO Strategy Council in Canada, the creator of the Can/CIOSC 104 National Cybersecurity Standard, will position CyberCatch to take advantage of these opportunities.

SELECTED FINANCIAL DATA – SUMMARY OF QUARTERLY RESULTS

The following selected financial information is derived from the unaudited interim financial statements prepared in accordance with IFRS.

| | Oct 31, 2023 | July 31, 2023 | Apr 30, 2023 | Jan 31, 2023 |
|-------------------------------------|-------------------------|--------------------------|-------------------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| Revenues | 162,190 | 90,288 | 66,324 | 60,250 |
| Cost of sales | (95,261) | (93,771) | (81,436) | (80,781) |
| General and administrative expenses | (1,437,964) | (1,680,261) | (6,111,542) | (874,468) |
| Net loss | (1,370,624) | (1,539,453) | (9,233,361) | (889,706) |
| Comprehensive loss | (1,390,599) | (1,731,881) | (9,203,997) | (890,517) |
| Basic and diluted loss per share | (0.02) | (0.01) | (0.24) | (0.03) |
| Working capital (deficiency) | 103,853 | 951,825 | 1,503,428 | (4,148,247) |
| Total assets | 1,646,677 | 2,598,206 | 3,995,695 | 991,738 |

| | Oct 31, 2022 | July 31, 2022 | Apr 30, 2022 | Jan 31, 2022 |
|-------------------------------------|-------------------------|--------------------------|-------------------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| Revenues | 48,573 | 30,636 | 20,874 | 20,608 |
| Cost of sales | (70,099) | (53,404) | (53,456) | (24,427) |
| General and administrative expenses | (1,124,019) | (1,124,857) | (939,214) | (1,220,304) |
| Net loss | (1,145,542) | (1,147,751) | (971,767) | (1,224,060) |
| Comprehensive loss | (1,101,929) | (1,151,058) | (956,058) | (1,216,004) |
| Basic and diluted loss per share | (0.04) | (0.03) | (0.03) | (0.04) |
| Working capital (deficiency) | (3,250,564) | (3,380,460) | (1,732,517) | (759,705) |
| Total assets | 1,226,892 | 915,890 | 1,504,063 | 2,634,928 |

Three Months Ended October 31, 2023 compared to Three Months Ended October 31, 2022

During the three months ended October 31, 2023 (“2023 Quarter”), the Company incurred a net loss of \$1,370,624 and a comprehensive loss of \$1,390,599 compared to a net loss of \$1,145,542 and comprehensive loss of \$1,101,929 for the three months ended October 31, 2022 (“2022 Quarter”). During the 2023 Quarter, the Company recorded \$162,190 (2022 Quarter - \$48,573) in revenues and \$95,261 (2022 Quarter - \$70,099) in cost of sales. During the 2023 Quarter, the Company recorded \$1,437,964 (2022 Quarter – \$1,124,019) in general and administrative expenses as follows: \$522,991 (2022 Quarter – \$493,042) for salaries and wages, \$149,929 (2022 Quarter – \$150,241) for advertising and marketing, \$134 (2022 Quarter – \$49,951) in interest on convertible debentures, \$561,174 (2022 Quarter – \$135,228) for consulting fees, \$998 (2022 Quarter \$36,944) for travel, \$61,616 (2022 Quarter – \$116,064) for general and administration, \$47,917 (2022 Quarter – \$49,933) for legal and professional fees, \$40,526 (2022 Quarter – \$22,618) for rent, \$36,786 (2022 Quarter – \$65,140) for website hosting and expenses, \$4,107 (2022 Quarter – \$3,078) for depreciation on equipment, \$8,297 (2022 Quarter – \$1,580) for software maintenance, and \$3,489 (2022 Quarter – \$Nil) for transfer agent and filing fees..

The primary account that experienced an increase in the expense total was consulting fees expense which increased by \$425,946 when comparing the 2023 and 2022 quarters. During the July 31, 2023 fiscal year, the company prepaid for consulting services with several contractors to help with marketing, social media campaigns, and targeting potential investors and financing options. These prepaid items have been amortized monthly as per the terms of their contracts. Other 2023 Quarter expense accounts remained relatively the same or less when compared to the 2022 Quarter.

Other items include: \$411 (2022 Quarter – \$4) for interest and other income.

During the 2023 Quarter, foreign currency translation expense was \$19,975 (2022 Quarter -income \$43,613).

Revenue recognition

The Company derives revenue primarily by selling subscriptions to its cloud-based cybersecurity software solution as “Software as a Service” (SaaS).

In accordance with IFRS 15 Revenue from Contracts with Customers (“IFRS 15”), revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract(s) with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfies the performance obligations.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company recognizes revenue when it transfers control of a product or service to a customer. Estimated allowances for returns and credits are recorded as a reduction of revenue at the time of revenue recognition.

Revenue is recognized when the service has been provided to the customer and the performance obligation is satisfied. The customers are invoiced on an annual basis and customer deposits are initially recorded as deferred revenue on the

statements of financial position. Revenue is recognized at a daily rate with offsetting reductions to the deferred revenue account as revenue is recognized.

For the three months ended October 31, 2023 compared to three months ended October 31, 2022, revenues were \$162,190 and \$48,573 respectively, and deferred revenues were \$495,881 and \$135,75 respectively. Accounts receivable was \$434,865 compared to \$48,794 respectively.

It should be noted for twelve months ended July 31, 2023 compared to twelve months ending July 31, 2022, revenues were \$265,435 compared to \$102,208 respectively, and deferred revenues were \$493,470 compared to \$110,192 respectively. Accounts receivable was \$504,015 compared to \$54,019 respectively.

Research and Development Costs

Evaluating whether or not research and development costs incurred by the Company meet the criteria for capitalization as an intangible asset requires judgement. Management has determined that initial expenditures for software development would have future economic benefit because the software will be provided to their customers as SaaS under three-year contracts. Amortization is recognized when the software development is complete and placed in service.

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity conducts transactions. Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net income (loss) in the period in which they occur. The results of operations and financial position of a subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; expenses are translated at the average exchange rate for the year, all resulting exchange differences are recognized in other comprehensive income or loss. On disposition or partial disposition of a foreign operation, the cumulative amount of any respective exchange difference is recognized in profit or loss.

Changes in Accounting Policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than August 1, 2022. These updates are not currently relevant to the Company or are not expected to have a material impact on these unaudited condensed interim consolidated financial statements and are therefore not discussed herein.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

Significant estimates made by management include the following:

Recognition and Valuation of Deferred Tax Assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized.

Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities of the particular legal entity in which the deferred tax assets have been recognized.

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless Management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, Management concluded that, while material uncertainties exist, the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

LIQUIDITY AND CAPITAL RESOURCES

The Company's source of funding has been the issuance of debt and equity securities for cash through private placements, convertible debt financings and acquisitions. At October 31, 2023, the Company had a net working capital of \$103,853 (July 31, 2023 – \$951,825), cash of \$158,839 (July 31, 2023 - \$345,463), current liabilities of \$937,082 (July 31, 2023 - \$974,498), notes payable of \$1,425,505 (July 31, 2023 - \$948,744) and had an accumulated deficit of \$19,487,080 (July 31, 2023 - \$18,116,456). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

SUBSEQUENT EVENTS

- 1) On November 29, 2023, the Company received an unsecured business loan from EBF Holdings, LLC (dba Everest Business Funding) for \$72,380 (\$53,260 USD). The loan is subject to a finance charge of \$31,515 (\$23,190 USD.) Principal and finance charge payments (treated as interest payments) are to be made weekly at an amount of \$3,710 (\$2,730 USD) per week for 28 weeks. Based on these terms, the estimated APR is 137.97%.
- 2) On December 18, 2023, the Company entered into a consulting agreement with GT Securities Inc. to provide advisory services related to financing arrangements. Under the initial terms, the Company will pay \$2,500 each month for three months, unless the agreement is terminated with 30 days notice. If a financing or other transaction is executed in twelve months, GT Securities, Inc. will receive an eight percent (8%) transaction fee from the proceeds.

CASH FLOWS

Net cash outflows in operating activities during the three-month period ended October 31, 2023 and 2022 was \$624,507 and \$989,543 respectively. The cash used in operations during the three-month period ended October 31, 2023, and 2022 consisted primarily of operating losses of \$1,370,624 (2022 - \$1,145,542) and included changes in working capital accounts. The operating loss was adjusted for non-cash items of \$134 (2022 - \$49,951) in accrued interest, \$275 (2022 - \$Nil) for the gain on a debt modification, and \$99,368 (2022 - \$73,177) in depreciation on equipment and software.

Net cash outflows from investing activities during the three-month period ended October 31, 2023 and 2022 consisted of \$Nil (2022 - \$59,148) in software development costs.

Net cash inflows from financing activities during the three month period ended October 31, 2023 and 2022 included net proceeds of \$Nil (2022 - \$1,258,445) from the issuance of common shares, proceeds (net of repayments) of \$426,794 (2022 - \$Nil) from notes payable, repayment of a convertible debenture for \$5,000 (2022 - \$Nil), and \$19,724 (2022 \$30,712) for shareholder loans received.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective.

The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

FINANCIAL INSTRUMENTS

Fair Values

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, amounts due to shareholder, notes payable and convertible debentures payable. In management's opinion, the Company's carrying values of cash, accounts receivable, accounts payable and accrued liabilities, amounts due to shareholder, notes payable and convertible debentures payable approximate their fair values due to the immediate or short-term maturity of these instruments.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value as at October 31, 2023 by level within the fair value hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|--------------|
|--|----------------|----------------|----------------|--------------|

| | | | | |
|------|------------|------|------|------------|
| Cash | \$ 158,839 | \$ - | \$ - | \$ 158,839 |
|------|------------|------|------|------------|

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Foreign exchange risk; and Interest rate risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and accounts receivable. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company assessed credit risk as low.

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 liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has obligations to meet its administrative overheads and to settle amounts payable. The Company has minimal revenues and relies on financing from the related parties and outsiders. The Company will need additional funding through equity or debt financing, or a combination thereof, to fund the Company's ongoing operation needs. Liquidity risk is assessed as high.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As of October 31, 2023, the Company is exposed to foreign exchange risk to the extent of its United States operations conducted predominantly in U.S. dollars. Based on the Company's net Canadian currency exposure as at October 31, 2023, and assuming all other variables remain constant, a 10% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$90,000 in comprehensive income/loss for the period.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

OUTSTANDING SHARE DATA

As at October 31, 2023, and the date of this report, there were 56,921,659 common shares issued and outstanding.

As at October 31, 2023, and the date of this report, there were the following warrants outstanding:

| Exercise price | Number of warrants | Expiry date |
|----------------|--------------------|--------------------|
| \$0.50 | 3,220,000 | September 10, 2024 |
| \$0.50 | 201,110 | August 26, 2024 |
| \$0.25 | 7,750,000 | October 12, 2024 |
| \$0.375 | 474,133 | April 12, 2025 |
| \$0.387 | 516,796 | April 12, 2025 |
| \$0.50 | 3,679,994 | April 12, 2025 |
| \$0.50 | 33,333 | June 30, 2025 |
| \$1.00 | 2,873,000 | August 26, 2025 |
| \$0.50 | 200,900 | April 11, 2026 |
| \$0.70 | 1,435,000 | April 11, 2026 |
| | 20,384,266 | |

As at October 31, 2023, there were the following options outstanding:

| Exercise Price | # of Options | Expiry Date |
|----------------|--------------|------------------|
| \$0.387 | 265,505 | May 3, 2031 |
| \$0.387 | 645,995 | August 5, 2031 |
| \$0.25 | 6,749,998 | October 12, 2024 |
| | 7,661,498 | |

CORPORATE GOVERNANCE

As at October 31, 2023, the following are directors the Company:

Directors:

Sai Huda

Gary Evans (Chair of Audit Committee; Independent)

Kay Nichols (Audit Committee; Independent)

Pierre Soulard (Audit Committee; Independent)

Dr. Marv Langston (Independent)

RISK FACTORS

An investment in the Common Shares involves a high degree of risk and should be considered highly speculative due to the nature of the Company's business and its present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Company's securities. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in this MD&A and its related prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.

Limited Operating History

CyberCatch has a limited history of operations and is considered a start-up company.

As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, larger and well-capitalized competitors, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. Given the Company's early stage, the Company's limited sales and revenues, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow.

The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Management's experience in managing a publicly-traded company

Management has historically operated the business of CyberCatch as a privately owned company. The individuals comprised of the Company's senior management team have limited experience in managing a publicly-traded entity.

While the CEO, some management and some board members have experience in publicly-traded companies, the Company will be required to develop control systems and procedures required to operate as a public company, and these systems and procedures could place a significant strain on the Company's management systems, infrastructure and other resources. The Company can provide no assurances that its management's past experience will be sufficient to enable the Company to successfully operate as a public company.

Although the Company has established an experienced management team and Board and engaged a number of professional service providers to assist the Company with complying with its continuous disclosure, filing, and other requirements applicable to public entities, if management of the Company is unable to satisfactorily manage the Company as a public entity and ensure that it remains in compliance with all continuous disclosure and other requirements applicable to public entities, there could occur a material adverse effect on the Company's business, financial condition and results of operations.

The Company may continue to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

If additional funds are raised through 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. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance.

The directors of the Company have discretion to determine the price and the terms of issue of further issuances. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. 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. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

If you purchase the Common Shares in an offering, you will experience substantial and immediate dilution, because the price that you pay will be substantially greater than the net tangible book value per share of the Common Shares that you acquire. This dilution is due in large part to the fact that the Company's earlier investors will have paid substantially less than a public offering price when they purchased the Common Shares.

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well it protects networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats.

As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Company's officers and directors may in the future engage in a range of business activities resulting in conflicts of interest.

The Company may be subject to various potential conflicts of interest because some of its officers and directors may in the future be engaged in a range of business activities.

In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company.

In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that may interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or Companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In certain circumstances, the Company's reputation could be damaged.

Damage to the Company's reputation can be the result of 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 regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others.

Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future.

To date, the Company has not generated any significant revenues given its early stage and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

If the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of its financial statements, which could result in a decrease in the value of its securities

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future.

In addition, because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate.

If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Forecasts

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the Company. A failure in the demand for its SaaS solution may 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.

The Company expects to incur increased costs as a public company for regulatory compliance and operations.

The Company expects to incur increased costs as a public company for regulatory compliance and operations, which could have a material adverse impact on the Company's 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 the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the market price of our Common Shares may significantly decrease.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved, can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund higher levels of sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

Ability to Attract New Customers

To expand the Company's customer base, the Company needs to convince potential customers to allocate a portion of their discretionary budgets to purchase our SaaS solution.

The Company's sales efforts often involve educating our prospective customers about the uses and benefits of our solution.

Organizations that use other forms of security products for their IT security may be hesitant to purchase our solutions if they believe that these products are more cost-effective, provide substantially the same functionality as our solutions or provide a level of information technology security that is sufficient to meet their needs. We may have difficulty convincing prospective customers of the value of adopting our solution. Even if we are successful in convincing prospective customers that a persistent solution like ours is critical to comply with cybersecurity requirements and protect against cyberattacks, they may not decide to purchase our solutions for a variety of reasons some of which are out of our control.

For example, any deterioration in general economic conditions, including a downturn due to the COVID-19 pandemic, may cause our prospective customers to cut their overall security and information technology operations spending, and such cuts may fall disproportionately on cloud-based security solutions like ours.

Economic weakness, customer financial difficulties, and constrained spending on security and information technology operations may result in decreased revenue, reduced sales, lengthened sales cycles, increased churn, lower demand for our products and adversely affect our results of operations and financial condition. If organizations do not continue to adopt our solutions, our sales will not grow as quickly as anticipated, or at all, and our business, results of operations and financial condition would be harmed.

Decreased Demand

The sales potential of the Company's SaaS solution is still at an early stage. The ongoing and future demands for the Company's solution, in existing and target industries, is yet to be fully established and is uncertain. There is a risk that the Company may not be able to obtain and maintain market share or that there is insufficient demand for the Company's solution for revenues to be sustainable.

The Company's future performance will be dependent on its ability to design, develop, test, market and support its current products, as well as to continue developing new products and enhancing its current products, in a timely and cost effective manner on behalf of its customers.

The Company's existing contractual relationships gives it confidence in its ability to achieve sales and maintain a customer base within its target industries, notwithstanding the risks outlined above. The Company has, and will continue to, invest in a new product development to expand its business within existing markets.

The Company also plans to prioritize its research and development efforts on technologies that offer attractive longterm growth opportunities such as machine learning and artificial intelligence to deliver additional value. However, failure to grow and advance the Company's business can have a material adverse effect on the Company's operating results and growth prospects.

Ability to Renew and Grow Existing Customers

In order for us to maintain or improve our financial and operational results, it is important that existing customers renew their subscriptions for our solutions when existing contract terms expire and that we expand our commercial relationships with our existing customers by selling and deploying additional types of services and/or moving these customers to higher tiers of our solutions.

Our customer retention and expansion may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our services, our pricing, our customers' spending levels, increased competition, industry developments, and general economic conditions. If our efforts to maintain and expand our relationships with our

existing customers are not successful, our business, results of operations and financial condition may materially suffer.

Emerging Products and Technology

The market for the Company's products continues to evolve and continued growth and demand for, and acceptance of, these products remains uncertain. In addition, other emerging technology and products may impact the viability of the market for the Company's products.

The Company's success will depend upon its ability to keep pace with technological and marketplace changes and to introduce, on a timely and cost-effective basis, new and enhanced products that satisfy changing customer requirements and achieve market acceptance. There can be no assurance that the Company will be able to respond effectively to changes in technology or customer demands. Moreover, there can be no assurance that the Company's competitors will not develop competitive products or that any such products will not have an adverse effect upon the Company's business, financial condition or results of operations.

Product Errors, Defects or Vulnerabilities

The software technology enabling the Company's SaaS solutions is complex and, despite testing prior to their release, the related application software may contain errors, vulnerabilities or defects, especially when upgrades or new versions are released. Any errors or vulnerabilities that are discovered after commercial release could result in loss of revenues or delay in market acceptance, diversion of development resources, damage to the Company's reputation, increased service costs, liability claims and our end-customers' unwillingness to buy products from us.

In addition, it is possible that the Company's product may become the subject of a third party attack or disruption, whether malicious or otherwise. This could detrimentally affect the persistence of the Company's technology, which could have a material adverse effect on its business.

Changes in technology

The cybersecurity industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to benefit from technological advantages and may in the future all them to implement new technologies before the Company. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost, and its business, financial condition and results of operations could also be adversely affected in a material way.

Dependence on Management and Key Personnel

The Company is dependent on certain members of its management. The loss of the services of one or more of them could adversely affect the Company. The Company's ability to maintain its competitive position is dependent upon its ability to attract and retain highly qualified managerial, specialized technical, sales and marketing personnel. There can be no assurance that the Company will be able to continue to recruit and retain such personnel. The inability of the Company to recruit and retain such personnel would adversely affect the Company's operations and product development.

Regulation

The Company is subject to regulatory requirements. There can be no assurance that the Company will not experience difficulties with its efforts to comply with applicable regulations as they change in the future or that its continued compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on the Company's results of operations, business, prospects and financial condition.

Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and processes. Although the Company considers certain of its product designs as well as processes involving certain of its products to be proprietary, and the Company has been issued a Patent by the USPTO, and has been issued several Trademarks, its patent, trademarks or copyrights do not necessarily protect all design and processes.

The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

Infringement of Intellectual Property Rights

While the Company believes that its products and other intellectual property do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Company not infringing intellectual property rights of others. The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in its target markets. The Company may become subject to these claims.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company.

Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, divert management's attention and focus away from the business, subject the Company to significant liabilities and equitable remedies, including injunctions, require the Company to enter into costly royalty or licensing agreements and require the Company to modify or stop using infringing technology. The Company may be prohibited from developing or commercializing certain technologies and products unless it obtains a license from a third party.

There can be no assurance that it will be able to obtain any such license on commercially favourable terms or at all. If it does not obtain such a license, it could be required to cease the sale of certain of its products.

System Failures or Delays in the Operation of the Company's Computer and Communications Systems May Harm its Business

The Company's ability to collect and report accurate data may be interrupted by a number of factors, including inability to access the Web, failure of the Company's network or software systems, computer viruses, security breaches or variability in user volume on customer Websites. A failure of network or data gathering procedures could impede the processing of data, cause the corruption or loss of data or prevent the timely delivery of products.

In the future, the Company may need to expand its network and systems at a more rapid pace than it has in the past. The Company's network or systems may not be capable of meeting the demand for increased capacity, or it may incur additional unanticipated expenses to accommodate these capacity demands. In addition, the Company may lose valuable data, be unable to obtain or provide data on a timely basis or its network may temporarily shut down if it fails to adequately expand or maintain its network capabilities to meet future requirements.

Any lapse in the Company's ability to collect or transmit data may decrease the value of its products and prevent it from providing data requested by customers. Any disruption in the Company's network processing or loss of Web user data may damage its reputation and result in the loss of customers, business, and results of operations could be adversely affected.

Risk of Data Breaches

The Company's services involve the storage, analysis and transmission of customers' proprietary information, and security breaches could expose the Company to a risk of loss of this information, litigation and possible liability. While the Company has commercially reasonable security measures in place, they may be breached as a result of malicious, unauthorized third-party action, such as hackers, or an employee error, malfeasance or otherwise and result in someone obtaining unauthorized access to the Company's IT data, the Company's customers' data or the Company's data, including the Company's intellectual property and other confidential business information.

Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to the Company's customers' data, the Company's data or the Company's IT systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement adequate preventative measures.

Because the Company does not control the Company's customers or third-party technology providers, or the processing of such data by third-party technology providers, the Company cannot guarantee the integrity or security of such transmissions or processing. Malicious third parties may also conduct attacks designed to temporarily deny customers access to the Company's services. Any security breach could result in a loss of confidence in the security of the Company's services, damage the Company's reputation, negatively impact the Company's future sales, disrupt the Company's business and lead to legal liability.

Interruptions, Delays or Loss in Services from the Company's Cloud Computing Platform Providers Could Impair the Delivery of the Company's Services and Harm the Company's Business

The Company relies on cloud computing platforms provided by, third parties in order to offer the Company's services, including database software and hardware from a variety of cloud services providers, who may range from AWS, Microsoft Azure and Google Cloud, or other providers.

Any errors or defects in third-party hardware, software or cloud computing platforms could result in errors in, or a failure of, the Company's services, which could harm the Company's business. These hardware, software and cloud computing platforms may not continue to be available at reasonable prices, on commercially reasonable terms or at all.

Any loss of the right to use any of this hardware, software or cloud computing platforms could significantly increase the Company's expenses and otherwise result in delays in the provisioning of the Company's services until equivalent technology is either developed by the Company, or, if available, is identified, obtained through purchase or license and integrated into the Company's services.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements (collectively, "forward-looking statements") in this MD&A and the documents incorporated by reference into the Company's prospectus about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements and/or forward-looking statements within the meaning of applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer.

Forward-looking statements can, but may not always, be identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "would", "should", "believe", "objective", "ongoing", "imply", "assumes", "goal", "likely" and similar references to future periods or the negatives of these words and expressions and by the fact that these statements do not relate strictly to historical or current matters.

These forward-looking statements are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future-plans and strategies, projections and anticipated events and trends that affect the Company and its industry. Although the Company and management believe that the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements.

Forward-looking statements in this MD&A and the Company's related prospectus, and the documents incorporated by reference herein include, but are not limited to, statements about the following:

- the objectives and business plans of the Company;
- the listing on a stock exchange;
- the composition of the Board and management of the Company;
- the performance of the Company's business, plans and operations;
- the intention to grow the business, operations and product offerings of the Company;
- the accuracy of the Company's estimates of the potential market for its products;
- the Company's ability to successfully market its products to potential customers;
- the ability of management to rely on prior experience in the future;
- the competitive conditions of the industry;
- applicable laws, regulations and any amendments thereof, including those relating to future tax treatment;
- the competitive and business strategies of the Company; and
- the general economic, financial market, regulatory and political conditions in which the Company operates.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The material factors and assumptions used to develop the forward-looking statements contained in this MD&A and its related prospectus include the Company's ability to obtain listing approval from the Exchange and key personnel and qualified employees continuing their employment with the Company. Assumptions underlying the Company's working capital requirements are based on management's experience with other companies in the sector.

Forward-looking statements pertaining to the Company's need for and ability to raise capital in the future are based on the projected costs of operating the Company and management's experience with raising funds in current market circumstances. Forward-looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities.

Forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements.

Accordingly, readers should not place undue reliance on any such forward-looking statements. Further, any forwardlooking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company's management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company does not undertake any obligation to update any forward-looking statements to reflect information, events, results,

circumstances or otherwise after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws.