



Aisix Solutions Inc.

(formerly Minerva Intelligence Inc.)

Management's Discussion and Analysis
of
Financial Position and Results of Operations
for the nine-month period ended September 30, 2024

This report is dated November 28, 2024. (The "Report Date")

Introduction

The following information should be read in conjunction with the consolidated financial statements of Aisix Solution inc. (formerly Minerva Intelligence Inc.) (the “Company” or “Aisix”) for the nine-month period ended September 30, 2024 and the year ended December 31, 2023.

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards (“IFRS”).

Note 3 to the consolidated financial statements of the Company at December 31, 2023 describes the Company’s material accounting policies, as well as new accounting pronouncements not yet effective. During the nine-month period ended September 30, 2024 and the year ended December 31, 2023, the Company’s critical accounting estimates and material accounting policies have remained substantially unchanged, except as noted below.

All amounts presented in this document are stated in Canadian dollars, except where otherwise noted.

Forward-Looking Statements

This Management’s Discussion and Analysis (“MD&A”) is intended to supplement and complement the consolidated financial statements of the Company for the nine-month period ended September 30, 2024, and the notes thereto (the “Financial Statements”). Readers are encouraged to review these Financial Statements in conjunction with a review of this MD&A. Certain notes to the Financial Statements are specifically referred to herein, and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: Company performance; the ability of the Company to successfully execute on its growth and new business strategies, including attracting new clients; the demand for its products continuing to increase; stable currency valuations; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact. When used in this MD&A, the words “plan,” “expect,” “believe,” and similar expressions generally identify forward-looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in technology and general market conditions. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized. **Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.**

Corporate Overview and Description of the Business

Aisix Solution Inc. (formerly Minerva Intelligence Inc.) was incorporated on August 16, 2017 pursuant to the *Business Corporations Act* of British Columbia and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. On March 14, 2018, the Company completed its Initial Public Offering (“IPO”) and on March 26, 2018, the Company’s shares commenced trading on the TSX-V.

Minerva Intelligence (Canada) Ltd. (“Minerva Canada”) was incorporated on May 17, 2017 pursuant to the Business Corporations Act of Ontario. On April 23, 2019, Minerva Canada continued its jurisdiction of incorporation from Ontario to British Columbia, to become subject to the B.C. Business Corporations Act (“BCBCA”). During the year ended December 31, 2019, the Company acquired Minerva Canada through a wholly owned subsidiary, 1198574 B.C. Ltd., which was incorporated on February 22, 2019 to facilitate this acquisition.

Minerva Intelligence GmbH was incorporated on September 24, 2019 as the German subsidiary of the Company.

Minerva Intelligence (U.S.), Inc. was incorporated in Delaware on August 2, 2022. In October 2023, the Company dissolved the company, as the subsidiary had been formed to facilitate possible future US operations of operations which were sold in 2022. After review, it was determined that the subsidiary was no longer required for any future US activities.

On August 15, 2023, the Company announce the name change to Aisix Solutions Inc. and on August 16, 2023, the Company commenced trading on the TSX-V under the symbol "AISX".

The head office of the Company is located at Suite 810 - 1166 Alberni Street, Vancouver, British Columbia V6E 3Z3. The registered office of the Company is located at 250 Howe Street, 20th floor, Vancouver, B.C. V6C 3R8.

Description of the Business

Aisix is a software and data analytics company that is bringing innovative technology to the market. The Company provides decision-support tools that help our customers reach conclusions faster and with the rigour needed to trust the results. The focus is on helping businesses better understand climate risks.

Worldwide, regulatory bodies are starting to provide guidance to businesses on how to provide climate risk disclosure in the context of ESG (environmental, social and governance) reporting. The EU has taken the lead and, since April 2019, has initiated the Non-Financial Reporting Directive ("NFRD"), which obligates companies to disclose climate-related information. This obligation applied to listed companies, banks, and insurance companies. Since 2021, the Corporate Sustainability Reporting Directive ("CSRD") extended the NFRD to cover all large companies and all companies listed on regulated markets. These new standards entered into force in January 2023, with all large companies and all listed companies now having to comply with the updated rules concerning environmental risks (including climate risk). In the U.S., major regulatory bodies such as the Securities & Exchange Commission, the Federal Reserve banks, and the Treasury Department, who traditionally avoid mandating disclosure rules for publicly traded corporations, are considering and will likely adopt some measures to support ESG, especially with respect to climate issues. Canada is also moving forward with the Canadian Security Administrators ("CSA"), providing guidance on climate risk disclosure, and also recently announcing a requirement for crown corporations' annual reports to comply with the Task Force for Climate-related Financial Disclosures ("TCFD") in the coming years.

In June 2023, the IFRS Foundation and the International Sustainability Standards Board released IFRS S1 and S2, which provided the general requirements for disclosure of sustainability related financial information and climate related disclosures. When fully adopted, it is expected that these will form the basis for specific disclosure items and data requirements. Climate-related physical risks are defined in IFRS S2 as "Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity."

Aisix provides guidance to our clients on how to analyze and present climate-related physical risk disclosure in the context of ESG reporting as noted in IFRS S1 and S2. The Company assists our clients in identifying and analyzing data which describes the climate-related physical risks that could reasonably be expected to affect the client's business, the current and anticipated effects of those climate-related physical risks on the client; and the effects of those climate-related physical risks which the client should consider in its decision-making. More specifically, Aisix identifies material risks to be considered and disclosed, data sources which describe those risks, data analysis techniques, disclosable information describing the sources and techniques, and data interpretation and presentation to highlight the risks.

Aisix's proprietary technology consists of the software and data products developed by our team of software engineers, developers, and data scientists. Powered by our patent pending Artificial Intelligence ("AI"), our software allows us to analyze and present relevant data, or alternatively to verify data and results prepared by other analysts, such that we provide:

- actionable results and insights that are Auditable, Explainable and Ethical for full decision transparency;
- reliable predictions with a complete audit trail;
- predictions where there is missing data;
- highlights of the most significant knowledge gaps for an application and
- priorities for a follow-up action and review.

The Company's approach produces a predictive score. However, the true value lies in the ability to provide an audit trail that explains how that the score was determined. The methodology also flags missing data that could improve the accuracy of the score, with the capability of incorporating any new data to recalculate the score.

The Company is actively monitoring the ongoing development and adoption of standards such as those noted above as implemented by various international and domestic bodies and regulators. In the opinion of Management, these new regulations and guidelines represent a significant potential market opportunity for Aisix, as traditional businesses lack the necessary climate risk data and knowledge to properly assess and disclose the climate-related risks relevant to their operations. A recent industry report has revealed that voluntary adoption of climate risk disclosures ahead of the coming regulatory changes is on the rise. The Company has developed unique expertise in physical climate risk under its previous GAIA and climate85 brand demonstration products and Management believes Aisix is well-positioned.

Aisix has also recently completed consulting projects for the Government of Canada to organize national-scale flood hazard data and hydrological network, expanding its data modeling knowledge and capabilities. In 2020 the Company began development of the National Flood Hazard Data Layer, an inventory of flood hazard maps in Canada and tool that will help standardize Canada's flood mapping products. The collection of flood maps has recently been published as the Canada Flood Mapping Inventory to show where and how to access these flood hazard maps

(<https://open.canada.ca/data/en/dataset/a13a2575-5bda-4bfd-a9b1-5bd2dd583f09>)

Future Applications

The Company believes that there are opportunities in other industries affected by climate risk as government and other regulators mandate companies across the globe to evaluate and disclose their climate risks. These industries include but are not limited to, agriculture, carbon credit trading, forestry, real estate, insurance, engineering, and banking.

The Company's proprietary software is applicable to a wide range of problem domains and industries; far too many for Aisix to pursue on its own. In this regard, the Company is actively identifying partners and developing relationships with external organizations who could benefit from using Aisix's tools while building applications in a variety of industries. Aisix sees this opportunity to license its tools for the development of new applications as a potentially much larger market than climate risk disclosures are on its own.

This strategy will allow Aisix's unique software tools to see their full potential in a wide array of applications and markets. While management intends to pursue this strategy, there is no assurance that additional products will be developed and marketed through the means of software licensing.

Operations

The Company conducts its operations using a combination of employees and independent contractors as required. The development team is based at the Company's principal operating office in Vancouver, British Columbia. Aisix itself is not materially directly affected by climate risks, as our operations are largely diversified and are therefore somewhat independent of our tangible assets and physical office. However, the Company has been affected by the downturn in technology markets and has restructured staffing levels to reflect current operations.

Marketing Plans and Strategies

The Company's software and data products are being marketed around the world. Aisix is seeking partnerships with businesses and organizations to bring its service offerings to new markets. The Company also uses key leading industry tools to assist with our growth, insights, and projections. Aisix's efforts include direct digital marketing, content marketing and advertising, conference attendance, trade publications, media engagement, and active communication with various media outlets.

The Company continues to expand its network and establish mutually beneficial strategic relationships which will also allow Aisix to expand by future acquisition and/or partnership opportunities, including new technologies that may complement its business.

Intellectual Property

In accordance with industry practice, Aisix protects its proprietary rights through a combination of copyright, trademark, trade secret laws and contractual provisions. The source code for its Software is protected under Canadian and applicable international copyright laws. Aisix licenses its Software pursuant to agreements that impose restrictions on customers' ability to use the technology, such as prohibiting reverse engineering, limiting the use of software copies and restricting access and use of source code. Aisix also seeks to avoid disclosure of intellectual property and proprietary information by requiring employees and consultants to execute non-disclosure and assignment of intellectual property agreements. Such agreements require employees and consultants to assign to Aisix all intellectual property developed in the course of their employment or engagement. Aisix utilizes non-disclosure agreements to govern interaction with business partners and prospective business partners and other relationships where disclosure of proprietary information may be necessary. The Company has applied for one patent on its intellectual property related to diagnosticity.

Changes in Operations and Activities during the period

On January 23, 2024, the Company released a summary of its 2023 achievements and its proposed plans for 2024. Over the last six years, Aisix has invested more than \$10 million in the development of artificial intelligence (AI) expertise, innovative research and proprietary data sets, resulting in a suite of enterprise products capable of supporting clients across the world in an era of changing climate and increased risk. The Company is working to align its expertise with the IFRS S1 and S2 standards released by the IFRS Foundation and the International Sustainability Standards Board in June 2023. These standards are pivotal for organizations in properly disclosing their sustainability practices and environmental impact. Transparency is key for investors, regulators and stakeholders to assess a company's sustainability commitments and climate change risks. Aisix believes it is at the forefront in providing the tools and analysis necessary to master these reporting standards transparently. Aisix believes it is strategically positioned to provide risk analysis with advanced solutions for its diverse client base. The company's key objectives for the year are to provide novel enterprise tools including AI-driven analytics, expand and broaden service offerings to target new sectors such as insurance, finance and property management, extend the Company's footprint to untapped markets, particularly focusing on the United States and Europe, and to enhancing personalized client interactions with the deployment of a new enterprise level UI (user interface) and UX (user experience).

On February 1, 2024, the Company announced the release of Wildfire 2.0. Aisix Wildfire 2.0 provides probabilities of wildfire across Canada by incorporating fire ignitions and spread. The data set also includes historical fire and weather information, along with a score that considers past fire occurrences and future fire probabilities. This data set is unique in Canada, offering a valuable tool for insurance professionals, real estate agents and the public to assess their fire risk and understand how it is evolving due to climate change. Aisix's wildfire data layer is generated by building on the state-of-the-art Canadian Forest Service workflow, using the Burn-P3 (Probability prediction and planning) software. Burn-P3 combines the physically based fire spread model, Prometheus, with a stochastic approach to determining burn probability, simulating billions of synthetic fire events across climatological, morphological and biophysical conditions to deliver burn probabilities. Aisix's workflow aggregates independent burn scenarios to stochastically determine burn probability for the entirety of Canada. Burn-P3 and its evolution, Burn-P3+, are currently used and validated in Canada and internationally, and documented in manuals, reports and peer-reviewed publications. By using a proprietary data pipeline, burn probability is systematically modelled for any location in Canada. Once modelling is complete, postprocessing is performed on the burn probability data set to detect and correct boundary artefacts between simulation domains and extrapolates burn probability into the wildland urban interfaces (WUI) of different population centres. Rigorous validation of simulation statistics ensures model performance is evaluated at a local scale and as a pan-Canadian aggregate of burn probability to inform continuing model refinement and development. Key features of Wildfire 2.0 are wildfire burn probability and wildfire risk scores, cumulative wildfire burn probabilities over 1, 10 and 30 years, average burn probabilities within 10 kilometres, the number of small historical fires (less than 200 hectares) and the number of large historical fires (greater than 200 hectares), 250-metre resolution for all of Canada. This is based on more than 400,000 historic fire locations and over 400 billion simulated fires and builds on top of Canadian Forest Service methodologies that are internationally validated and peer reviewed. Wildfire 2.0 represents a significant step forward in Aisix Solutions' commitment to providing cutting-edge tools for climate risk assessment and is a testament to Aisix Solutions' innovation in climate risk technology but also reinforces the company's dedication to fostering resilience and preparedness in the face of climate challenges.

On February 8, 2024, the Company announced its plans to augment its existing AI-powered climate risk data sets and launch an enterprise-level AI solution tailored to ensure compliance with the IFRS S1 and S2 reporting standards. The advent of IFRS S1 and S2 standards is a shift in corporate sustainability and climate-related financial reporting. In response, Aisix Solutions is adding functionality to its existing software to create a new software suite that will simplify the adaptation process for companies facing these new reporting standards. Aisix's solution aims to streamline data gathering, analysis, and reporting workflows, ensuring compliance with global standards and promoting transparency and accountability in environmental stewardship. The Aisix Solutions platform will utilize domain expertise paired with cutting-edge artificial intelligence and machine learning to automate the aggregation and analysis of relevant data, facilitating the generation of reports compliant with the IFRS S1 and S2 guidelines while ensuring model and data transparency for auditing and managing climate risks. This approach is expected to significantly alleviate the administrative burden on companies, enabling them to provide stakeholders with insightful, actionable information on climate risks and opportunities.

On April 25, 2024, the Company announced a strategic partnership executed on April 24, 2024 with OctoAI Technologies Corp. ("OctoAI"). OctoAI is a property technology company offering AI-driven insights within the real estate sector, providing artificial intelligence-driven insights to owners, buyers, realtors, attorneys, property managers and other stakeholders in the multi-family residential space through its [Eli Report](#) platform and annual benchmark reports. The Eli Report platform enables real estate professionals to quickly and easily review key details from condo documents using AI to analyze and extract crucial information from years' worth of property documentation, enabling them to better inform their clients. AISIX will grant OctoAI licensing rights to incorporate its detailed climate risk scores directly into the Eli Report platform.

On May 28, 2024, the Company announced its collaboration with a major consulting firm on a project aimed at enhancing physical climate risk assessment modelling. This initiative, slated to start on June 4, 2024, aims at first to develop a minimum viable product (MVP) designed to evaluate and manage the impacts of climate change on physical assets across Canada. Aisix will then expand the MVP and leverage its advanced climate-related data and

expertise to assess risks associated with extreme weather events and various global temperature change scenarios. This partnership will also focus on creating sustainable models that can be replicated to benefit other entities and industries, demonstrating the scalability and relevance of the solutions developed.

On October 16, 2024, the Company announced that it had closed its non-brokered private placement of 16,666,666 common shares of the Corporation at a price per common share of \$0.03 for aggregate proceeds of \$500,000. The common shares are subject to a four-month and one day hold period in accordance with applicable securities laws. The Chief Executive Officer of the Company 4,100,000 common shares.

On October 25, 2024, the Company announced that it had retained Triple Bull Consulting Inc. (“Triple Bull”) to lead a comprehensive marketing and media buying program. Triple Bull is a British Columbia based marketing firm with expertise in web and social media data aggregation, content curation, digital and social media marketing, contract negotiation and channel partner analytics. The company will not provide financial promotion or Investor Relations services. The contract commenced October 24, 2024, and is on a month-to-month basis cancellable on 30 days notice billing in arrears for services provided at \$2,000 per month plus GST. Additional media content and advertising expenses from third parties will be billed in addition to this fee. There is no share or option compensation.

On October 29, 2024, the Company announced the successful completion of a groundbreaking climate risk pilot project with a leading Canadian financial institution. This initiative, designed to assess the institution’s commercial lending portfolio’s exposure to climate-related risks—specifically wildfires—provided critical insights into how climate change could impact loan performance across several provinces in Canada.

The project directly addressed the OSFI B-15 guidelines, which require federally regulated financial institutions to assess and mitigate physical climate risks in their loan portfolios. AISIX applied advanced climate analytics and modeling tools to conduct a thorough Hazard, Risk, and Vulnerability Assessment (HRVA) in line with these guidelines. Using Monte Carlo simulations and physically-based wildfire models, AISIX assessed potential financial impacts under various climate scenarios.

The pilot project also provided actionable recommendations, such as client questionnaires to assess site-specific risks like wildfire proximity, and strategies to diversify loan distribution across regions to mitigate risk concentration. This project forms the basis for broader climate risk assessments, including other hazards such as floods and extreme weather, while supporting compliance with OSFI B-15.

On November 1, 2024, the Company announced the appointment of Mr. Ben Mulroney as Advisor for Public Relations and Government Relations. A renowned media personality with extensive experience in public relations, Ben Mulroney is poised to enhance AISIX Solutions’ outreach and advocacy strategies. With his deep understanding of public engagement and his media expertise, Ben will play a pivotal role in bolstering the company’s interactions with the media, government officials, and the wider public. Ben’s strategic vision is expected to drive advancements in AISIX Solutions’ approach to comprehensive stakeholder engagement, reinforcing our commitment to innovation and community collaboration. The contract commenced November 1, 2024.

On November 5, 2024, the Company announced that MNP and AISIX have assembled a team of advisors specializing in ESG strategy and deployment, legal risk, and climate science. This collaboration will leverage the strengths of both organizations to provide comprehensive and clear ESG solutions. MNP’s deep expertise in regulatory frameworks, corporate governance, and strategic consulting will complement AISIX Solutions’ advanced AI-driven tools for climate risk analysis, materiality assessments, and data-driven decision-making.

Many businesses are overwhelmed by the complexity of ESG and climate risk considerations, as highlighted in AISIX Solutions’ recent report on essential ESG insights for Canadian companies. The partnership aims to demystify these challenges by offering targeted thought leadership through webinars, reports, and executive-level guidance.

<https://www.mnp.ca/en/insights/directory/esg-insights-22-considerations-canadian-companies>

Results of Operations

Results for the nine-month period ended September 30, 2024

During the nine-month period ended September 30, 2024, the Company recorded revenues of \$nil (2023 - \$52,920). Expenses from operations for the three and nine-month period ended September 30, 2024 were \$417,767 (Year to date: \$1,136,829) (2023: \$715,724 and \$1,391,503, respectively), and the comprehensive loss for the three and nine-month period was \$420,228 (YTD: \$1,14,427) (2023: \$724,824 and \$1,259,237). Salaries and wages of \$nil (2023: \$nil and \$416,528) were recorded in the quarter. In it place, the Company recorded consulting fees as:

- Consulting – corporate development \$20,000 (YTD: \$54,950) (2023: \$29,041)
- Consulting – Product development \$176,250 (YTD: \$450,164) (2023: \$128,467)
- Management fees \$108,333 (YTD: \$208,333) (2023: \$77,333)

The net effect was a reduction in expense of \$111,945 in 2024 compared to 2023. The increase in expenses in 2024 are primarily related to increased expenditures on product development.

Other elements of the Company's expenses from continuing operations are:

- Advertising and promotion of \$3,856 (YTD: \$106,845) (2023: \$16,957 and \$57,123) reflect the expenditures on both investor relations and sponsorship and attendance at conferences to promote the Company and products:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Marketing and investor relations	\$ 3,856	\$ 6,758	\$ 63,992	\$ 31,258
News releases and regulatory filings	-	5,000	14,129	20,666
Trade Show and conferences	-	-	28,725	-
	<u>\$ 3,856</u>	<u>\$ 11,758</u>	<u>\$ 106,846</u>	<u>\$ 51,923</u>

- Amortization of \$17,399 (YTD: \$51,876) (2023: \$16,629 and \$49,875) was comparable reflecting increased assets acquired in 2023 which are now being amortized.
- Directors' fees of \$nil (2023: \$31,500) were accrued in Q1 2023 for independent directors. Certain directors' fees were subsequently reduced as a result of the resignation of directors in Q2 2023;
- General and administrative expenses of \$41,109 (YTD: \$122,064) (2023: \$39,701 and \$107,864) reflect a increase in the operations of the Company in Q3 2024 has returned to more normal levels of expense, and includes the cost of diverse items such as insurance, internet and telephone and other general office expense;
- Professional fees were \$13,853 (YTD: \$34,585) (2023: \$40,128 and \$47,152) consisting of legal, accounting, tax, and other professional advisory expenses. Expenses are influenced by the timing of corporate legal activities and the timing of billing by professional advisors;
- Regulatory and filing fees of \$nil (YTD: \$32,445) (2023: 5,626 and \$32,601) consist of corporate filings, and the renewal of annual TSXV and OTCQB listing fees, and are affected by the timing of such activities;
- Software application subscriptions of \$23,334 (YTD: \$41,049) (2023: \$30,713 and \$48,511) reflect the pricing and timing of licensed software renewals used by the Company;
- Transfer agent fees of \$4,419 (YTD: \$8,454) (2023: \$3,691 and \$7,918) are incurred as a result of administering a public Company, holding annual general meetings, and making appropriate filings;

- Travel of \$9,214 (YTD: \$26,064) (2023: \$14,929 and \$22,162) reflects a return to attendance with prospective clients and investors as well as attending trade shows;
- A foreign exchange gain of \$125 (YTD: \$509) (2023: a loss of \$5,682 and a loss of \$6,740) was recorded, reflecting a reclassification of assets, normal variations in exchange rates, expenses paid in USD thus incurring FX expense, and variations in FX related to intercompany balances. Future results will be subject to fluctuation based on balances held and converted to Canadian funds. The Company has seen an increase in the number of Canadian suppliers billing in USD;
- Interest expense of \$2,586 (YTD: \$8,394) (2023: \$3,418 and \$10,848) was incurred with respect to the lease liability;
- Interest and other income of \$2,287 (2023: \$1,254) was a result of increased interest rates on deposit balances.

Quarterly Summary

The following table summarizes selected financial information of the Company for the last eight periods.

	Fiscal 2024			Fiscal 2023
	9/30/2024 Q2 (Unaudited) \$	6/30/2024 Q2 (Unaudited) \$	3/31/2024 Q1 (Unaudited) \$	12/31/2023 Q4 (Unaudited) \$
Revenue	-	-	-	-
Operating expenses	(417,767)	(348,736)	(370,326)	(328,983)
Other items	(2,461)	(2,782)	(355)	(32,285)
Operating loss	(420,228)	(351,518)	(370,681)	(361,268)
Comprehensive loss	(420,228)	(351,518)	(370,681)	(361,268)
Current Assets	145,858	134,496	433,306	770,596
Total Assets	325,573	331,610	647,675	1,002,813
Total Liabilities	759,494	345,303	309,850	294,307
Shareholders' Equity	(433,921)	(13,693)	337,825	708,506

	Fiscal 2023			Fiscal 2022
	9/30/2023 Q3 (Unaudited) \$	6/30/2023 Q2 (Unaudited) \$	3/31/2023 Q1 (Unaudited) \$	12/31/2022 Q4 (Unaudited) \$
Revenue	-	-	52,920	(169,356)
Operating expenses	(715,724)	(204,028)	(471,751)	(974,451)
Other items	(9,100)	103,863	(15,419)	59,582
Operating loss	(724,824)	(100,165)	(434,250)	718,867
Discontinued operations	-	-	-	(428,117)
Comprehensive income (loss)	(724,824)	(100,165)	(434,250)	290,750
Current Assets	1,186,641	723,593	838,481	1,228,426
Total Assets	1,432,374	983,720	1,115,342	1,519,864
Total Liabilities	318,621	327,723	504,179	474,686
Shareholders' Equity	1,113,753	655,997	611,163	1,045,178

Selected Annual Information

	Year ended December 31,		
	2023 (Audited) \$	2022 (Audited) \$	2021 (Audited) \$
Revenue	52,920	104,892	1,049,299
Operating expenses	(1,720,486)	(2,223,281)	(3,876,091)
Other items	47,059	66,761	(11,853)
Loss from continuing operations	(1,620,507)	(2,051,628)	(2,838,645)
Loss from discontinued operations	-	(428,117)	-
Loss and comprehensive loss	(1,620,507)	(2,479,745)	(2,838,645)
Current assets	770,596	1,228,426	3,537,006
Total assets	1,002,813	1,519,864	3,736,260
Total liabilities	294,307	474,686	270,487
Shareholders equity	708,506	1,045,178	3,465,773

Financing Activities

During the nine-month period ended September 30, 2024, there were no share issuances.

On July 6, 2023, the Company closed its non-brokered private placement of 20,000,000 common shares at \$0.05 per share for total gross proceeds of \$1,000,000. A four month hold period expiring November 7, 2023, applied to the shares sold in this offering. No commissions or fees were paid in connection with the offering. Offering costs were \$7,616. The private placement had been announced on June 16, 2023.

As of September 30, 2024, the Company had 96,958,037 shares issued and outstanding (December 31, 2023 - 96,958,037).

Subsequent to the quarter end, on October 16, 2024, the Company closed its non-brokered private placement of 16,666,666 common shares at a price per share of \$0.03 for aggregate proceeds of \$500,000. The shares issued are subject to a four-month and one-day hold period in accordance with applicable securities laws. The Chief Executive Officer of the Company subscribed for 4,100,000 shares. No commissions or fees were paid in connection with the offering.

Liquidity and Capital Resources

The Company's aggregate operating, investing, and financing activities for the nine-month period ended September 30, 2024 resulted in a cash and cash equivalents decrease of \$585,086 (December 31, 2022 - \$2,037,200). As at September 30, 2024, the Company's cash and cash equivalents balance was \$63,411 (December 31, 2023- \$648,497), and the Company had working capital deficit of \$292,008 (December 31, 2023 - \$587,635).

During the nine-month period ended September 30, 2024, the Company paid \$nil to acquire equipment (December 31, 2023 - \$14,753 to acquire furniture and equipment).

No other material capital expenditures were incurred.

Transactions with Related Parties

Related parties include key management personnel, who are 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. The remuneration of key management personnel during the nine-month periods ended September 30, 2024 and 2023 were as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Director's fees	\$ -	\$ -	\$ -	\$ 9,000
Salaries and wages	-	99,998	-	369,705
Professional fees & Consulting	99,998	-	199,998	-
Share-based compensation	-	200,035	-	200,035
	<u>\$ 99,998</u>	<u>\$ 300,033</u>	<u>\$ 199,998</u>	<u>\$ 578,740</u>

Amounts due to related parties at September 30, 2024 and December 31, 2023 are unsecured, interest free and due on demand. As at September 30, 2024, accounts payable and accrued liabilities include \$93,363 (December 31, 2023 - \$13,540) owing to the CEO for consulting fees and expenses, \$23,625 (December 31, 2023 - \$23,625) owing to the Chief Software Architect of the Company, and \$21,000 (December 31, 2023 - \$42,000) owing to former directors for directors' fees.

During the year ended December 31, 2023, \$30,000 of directors' fees accrued in 2022 were written down with the agreement of departing directors to whom the fees were owed.

On July 6, 2023, the Company closed its non-brokered private placement of 20,000,000 common shares at \$0.05 per share for total gross proceeds of \$1,000,000. The Chief Executive Officer of the Company subscribed for 900,000 shares in this offering.

During the period, the Chief Executive Officer of the Company advanced \$237,500 (2023: \$nil) as a shareholder's loan. This is classified as a long-term liability.

Subsequent to the quarter end, the Company closed an additional private placement for \$500,000. See note 14.

Directors' fees are paid to the independent directors. Salaries, wages, and related consulting fees are paid to the senior executives of the Company, comprising the Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, and Chief Technology Officer. Professional and consulting fees are paid to the Chief Software Architect and other contractors formerly related as directors or officers. Share-based compensation reflects the cost of options granted to any and/or all of the above. See the section above regarding the results for the nine-month period for a further discussion of these amounts.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses and gains or losses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses, gains, and losses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Estimates, judgements and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements include:

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. 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 stock options, volatility and dividend yield and making assumptions about them.

Economic recoverability and probability of future economic benefits of intangible assets and amortization

Management has determined that intangible asset costs incurred which were capitalized have future economic benefits and will be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets has been determined using estimates relating to the useful life of the intangible assets.

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determine the primary economic environment.

Changes in Accounting Policies

The accounting policies applied in the consolidated financial statements are the same as and unchanged from those applied in the Company's annual audited financial statements for the year ended December 31, 2023, except as noted below. The reader is referred to those notes for a detailed discussion of the Company's accounting policies.

Share based payments

During the year ended 2023, the Company changed its accounting policy for the treatment of the fair value related to expired and cancelled options. Management has determined that reclassifying the fair value of expired and cancelled options from reserves to deficit increases the relevance of the reserves balance by only including balances related to equity instruments that exist at year end, and therefore provides reliable and a more relevant basis for values included in reserves.

Effective January 1, 2024 (and retrospectively applied), the Company reclassifies the fair value of any expired and cancelled options to deficit. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting policy has been applied retrospectively. The impact of the retrospective change in accounting policy on the consolidated statements of financial position is set out below:

	<u>Option reserve</u>	<u>Warrant reserve</u>	<u>Deficit</u>
2023 Balance, as previously reported	\$ 1,046,568	\$ 152,477	\$ (15,359,841)
Adjustment to the opening balance	(684,985)	(152,477)	837,462
Adjusted balances	<u>\$ 361,583</u>	<u>\$ -</u>	<u>\$ (14,522,379)</u>

The fair value of expired and cancelled [options and/or warrants] is reclassified from reserves to deficit. There was no impact on basic or diluted loss per share as a result of the adjustments.

Financial Instruments

The fair values of the Company's financial instruments approximate the carrying values, due to their short terms to maturity. The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company has not entered into financial instruments agreements, including derivative financial instruments for speculative purposes.

The Company's main financial risk exposures and its financial policies are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and accounts receivable are exposed to credit risk, with the carrying values being the Company's maximum exposure. The Company's cash and cash equivalents consists of deposit accounts with chartered banks. The Company's accounts receivable consists of contract payments due from governments and companies, with the carrying amounts also being the Company's maximum exposure. Management believes the Company's exposure to credit risk is not material. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash and cash equivalents or another financial asset. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the consolidated statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its operating obligations and cash on hand. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains certain cash and cash equivalents balances in GICs which renew periodically, and which rates reflect the market at the time of renewal. Management believes that the interest rate risk on these investments is nominal. The Company is not exposed to any other material interest rate risk aside from the GICs noted. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

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 is exposed to foreign exchange risk as it engages in transactions in other foreign currencies, from time to time. As of September 30, 2024 and December 31, 2023, the carrying values of the financial assets and liabilities denominated in US dollars were converted to CAD at a rate of 1.3637 (2023 - 1.3560) and Euros converted to CAD at the rate of 1.4687 (2023 - 1.4709). A 10% change in the foreign exchange rate would have an impact on profit and loss of \$869 (2022 - \$2,565):

	September 30, 2024		December 31, 2023	
Cash (US dollar)	\$	4,417	\$	4,535
Cash (Euro)		584		3,743
Accounts payable (Euros)		(13,689)		(539)
Total	\$	(8,688)	\$	7,739
10% change in the exchange rate impact	\$	(869)	\$	774

The Company's exposure to and management of foreign exchange risk has not changed materially from that of the prior year.

Other Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to significant other price risk. The Company's exposure to other price risk has not changed materially from that of the prior year.

Outstanding Share Data

As at September 30, 2024 and the date of this MD&A the following table summarizes the outstanding share capital of the Company:

	September 30, 2024	Report Date
Common Shares	96,958,037	113,624,703
Stock Options	5,457,500	5,000,000
Total, Fully Diluted	102,415,537	118,624,703

On July 6, 2023, the Company closed a non-brokered private placement of 20,000,000 common shares at \$0.05 per share for total gross proceeds of \$1,000,000. A four month hold period expiring November 7, 2023, applied to the shares sold in this offering.

On July 12, 2023, the Company granted of incentive stock options to certain of its directors, officers, and consultants to purchase up to an aggregate of 6,200,000 common shares in the capital stock of the Company, exercisable at \$0.065 per share over a period of 3 years. The stock options vested immediately.

During the year ended December 31, 2023, 3,557,625 options expired unexercised at prices ranging from \$0.07 to \$0.30. A further 17,149,166 warrants exercisable at prices ranging from \$0.20 to \$0.25 also expired unexercised. In addition, 1,371,813 broker warrants, exercisable at a price of \$0.25 per share until September 17, 2023, expired unexercised during the period.

During the period 440,000 options priced at \$0.07 per share expired, and 1,200,000 options priced at \$0.06 per share as well as 37,500 options priced at \$0.18 per share were cancelled (2023 – 3,557,625), resulting in a reclassification of amounts totaling \$78,530 (2023 – \$684,985) from reserves to deficit.

Subsequent to the quarter end, On October 16, 2024, the Company closed its non-brokered private placement of 16,666,666 common shares at a price per share of \$0.03 for aggregate proceeds of \$500,000. The shares issued are subject to a four-month and one-day hold period in accordance with applicable securities laws. The Chief Executive Officer of the Company subscribed for 4,100,000 shares. No commissions or fees were paid in connection with the offering.

On November 15, 2024, 457,500 options exercisable at a price of \$0.18 per share expired unexercised. Accrued share-based compensation of \$48,199 was reclassified to deficit as a result of the expiry.

Risks and Uncertainties

An investment in the Company's common shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the Company and its business, the reader should carefully consider the following risk factors in addition to the other information contained in this MD&A. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

Business Model

The industry in which the Company operates is characterized by evolving industry conditions and standards, and changing user and client demands. Any evaluation of the Company's business and its prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in an evolving industry.

Some of these risks and uncertainties relate to the Company's ability to maintain and expand client relationships and respond effectively to competition and potential negative effects of competition on operating margins. If the Company is unable to address these risks, its business, results of operations and prospects could suffer.

Significant future capital requirements, future financing risk and dilution

No assurances can be provided that the Company's financial resources will be sufficient for its future needs. Revenues from current operations are insufficient to meet the Company's expected capital requirements. As such, the Company may be required to undertake future financings which may be in the form of a sale of equity or debt secured by assets. No assurances can be made that the Company will be able to complete any financing arrangements or that the Company will be able to obtain the capital that it requires. In addition, the Company

cannot provide any assurances that any future financings will be obtained on terms that are commercially favourable to the Company. Any such sale of Company shares, or other securities will lead to further dilution of the equity ownership of existing shareholders. Additionally, options and warrants or other conversion rights issued or granted by the Company may adversely affect future equity offerings, and the exercise of those options and warrants may have an adverse effect on the value of the Company shares. If any such options, warrants or conversion rights are exercised at a price below the then current market price, if any, then (i) the market price of the Company shares could decrease, and (ii) shareholders may experience dilution of his or her investment. The issuance of Company shares in the future will result in a reduction of the book value and market price of the then outstanding Company shares. If any such additional Company shares are issued such issuances will result in a reduction in the proportionate ownership and voting power of all current shareholders. Further, such issuance may result in a change of control of the Company. A prolonged decline in the price of the Company shares could result in a reduction in the liquidity of the Company shares and a reduction in the Company's ability to raise capital. As a significant portion of the Company's operations will probably be financed through the sale of equity securities a decline in the price of the Company shares could be especially detrimental to liquidity.

Technological Change

The Company operates in a business environment that is entirely dependent on technology. As such, technological change will impact the ability of the Company to expand and grow its business and will also affect the costs and expenses incurred by the Company, including capital requirements. The artificial intelligence market continues to experience rapid technological change. There is a risk that new technologies and standards may render the Company's software applications obsolete. The Company may be required to invest significant capital in new technology and software development to remain competitive. Failure to do so may adversely affect demand for the Company's products and services.

Share price volatility and liquidity

There is a limited market for the Company's shares, and the trading price may increase or decrease in response to a number of events and factors, both known and unknown. In addition, the market price of the Company shares will be affected by many variables not directly related to the Company's success and will therefore not be within the Company's control, including other developments that affect the market for all software and/or AI sector securities, the breadth of the public market for the common shares, and the attractiveness of alternative investments. The effect of these and other factors could cause the Company's share price to be volatile in the future.

The market price for the Company shares may also be affected by the Company's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Company shares.

Limited Operating History

Aisix is in the early stage of development and has a limited history of operations. The Company will be subject to many risks common to start-up enterprises and its viability must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of development in new and rapidly evolving markets such as the AI industry. This includes under-capitalization, cash shortages, limitations with respect to personnel, lack of revenues and financial and other resources. There is no assurance that the Company will develop its business profitably, and the likelihood of success of the Company must be considered in light of its early stage of operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations, and prospects. While management believes that the Company has made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company anticipates it may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage, and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel, or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the levels of operating expenses associated with this growth.

Negative cash flow and absence of profits

Aisix has not earned any profits to date and there is no assurance that it will earn any profits in the future, or that profitability, if achieved, will be sustained. The success of the Company will ultimately depend on its ability to generate revenues from operations. There is no assurance that any future revenues will be sufficient to generate the required funds to develop the Company's business.

Protection of intellectual property rights

The future success of the Company's business will be dependent upon the intellectual property rights surrounding certain technology held by Aisix, including trade secrets, know-how and technological innovation. The Company's failure to protect its intellectual property could harm its ability to compete effectively. The Company is highly dependent on its ability to protect its proprietary technology. It intends to protect its rights vigorously; however, there can be no assurance that these measures will, in all cases, be successful. Enforcement of its intellectual property rights may be difficult. Also, competitors could independently develop technologies that are perceived to be substantially equivalent or superior to the Company's technologies. The Company may be subject to claims of intellectual property infringement. Other companies may claim that Aisix infringes their intellectual property, which could materially increase costs and materially harm the Company's ability to generate future revenue. Although the Company does not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against it in the future. Although most of Aisix's technology is proprietary in nature, it does rely to a limited extent on third party software.

Regulatory requirements

The Company may be affected in varying degrees by government policies and regulations. Changes in government, regulations and policies and practices, beyond the control of the Company, could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Product liability exposure

The Company faces an inherent business risk of exposure to product liability and other claims in the event that the development or use of its technology or prospective products is alleged to have resulted in adverse effects. While the Company has taken, and will continue to take, what it believes are appropriate precautions, there can be no assurance that it will avoid significant liability exposure. A product liability claim could have a material adverse effect on the Company's business, financial condition, and results of operations.

Management experience and dependence on key personnel and employees

The Company's success is currently largely dependent on the performance of the Company's directors and officers. The experience of these individuals is a factor which will contribute to the Company's continued success and growth. The Company will initially be relying on its board members and executive officers, as well as independent consultants and advisors, for most aspects of its business. The amount of time and expertise expended on the Company's affairs by each of the Company's management team and the Company's directors will vary according to the Company's needs. The loss of any of these individuals could have a material detrimental impact on the Company's business. The Company does not intend to acquire any key man insurance policies and there is, therefore, a risk that the death or departure of any key member of management, a director, or employee or consultant, could have a material adverse effect on the Company's business, operations, and financial condition. Investors who are not prepared to rely on the Company's management team should not invest in the Company's securities. The management of the Company has limited history of past performance in managing a software and AI company, and the past performances of management in other positions are no indication of their ability to successfully manage the Company. If the experience of management is inadequate or unsuitable to manage the Company, the operations of the Company may be adversely affected.

Competition

The Company will face competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company. There are other entities investing in the AI technology space and the Company expects this sector to grow. These companies may have an advantage and may have developed a more efficient operational or investment model. The Company may not have sufficient resources to continue on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of the Company. To remain competitive, the Company will continue to invest in software development. Should competitors introduce new services/software embodying new technologies, the Company's technology may become obsolete and require substantial resources to compete successfully in the market for software and technology services.

Exchange Rate

The reporting and functional currency of the Company is the Canadian Dollar. A significant portion of the Company's anticipated future revenues and expenses may be in foreign currencies, such as the United States Dollar or the Euro. Future fluctuations in the value of the Canadian Dollar relative to these currencies will likely have a material impact on the Company's overall financial results. Appreciation of the Canadian dollar will potentially affect revenues and expenses.

Staffing

Recruiting and retaining qualified personnel is critical to the success of the Company. The number of persons skilled in software development (and AI in particular) and marketing is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key executive, technical, operational, and administrative personnel. There can be no assurance that the Company will be successful in attracting, training, and retaining qualified personnel. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse effect on the Company's results of operations.

Uninsured or uninsurable risks

The Company insures its operations in accordance with technology industry practice. However, given the novelty of the proposed business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which the Company cannot insure or against which the Company may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's results of operations and financial position.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of the Company's brand.