



Annual Information Form

For the financial year ended July 31, 2021

Dated October 21, 2021

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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form (the “**Annual Information Form**”) is stated as of July 31, 2021.

The information presented herein reflects the details of the financial year ended July 31, 2021, of Patriot One Technologies Inc. on a consolidated basis. Unless otherwise noted or the context otherwise indicates, “Patriot”, the “Company”, “we”, “us” and “our” refer to Patriot One Technologies Inc.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” in Appendix “A” of this Annual Information Form.

Forward-Looking Statements

Certain statements in this Annual Information Form about our current and future, expectations and intentions, results, levels of activity, performance, goals or achievements, or any other future events or developments constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, “forward-looking statements”). The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely” or “potential” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these words.

Discussions containing forward-looking statements include, among other places, those under “Business of the Company” and “Risk Factors”. Forward-looking statements are based on certain assumptions and estimates made by us considering the experience and perception of historical trends, current conditions, expected future developments including projected growth in the security and related industries, and other factors we believe are appropriate and reasonable in the circumstances; however, there can be no assurance that such assumptions and estimates will prove to be correct.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors, which are discussed in greater detail in the “Risk Factors” section of this Annual Information Form.

The purpose of the forward-looking statements is to provide the reader with a description of management’s expectations regarding the Company’s financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Actual results and developments are likely to differ and may differ materially from those expressed or implied by forward-looking statements contained in this Annual Information Form. Furthermore, unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

Presentation of Financial Information

All references in this Annual Information Form to “Fiscal 2021” are to the Company’s fiscal year ended July 31, 2021.

The Company presents its financial statements in Canadian dollars. All dollar figures in this Annual Information Form are in Canadian dollars unless otherwise indicated. All the financial data contained in this Annual Information Form relating to the Company have been prepared using International Financial Reporting Standards (“IFRS”).

BACKGROUND AND CORPORATE STRUCTURE

Name, Address, and Incorporation

The Company was incorporated on May 11, 2010, under the *Business Corporations Act* (British Columbia) under the name “Clear Mountain Resources Corp.”. It completed its initial public offering on May 10, 2012, and on May 15, 2012, the Company’s Common Shares were listed for trading on the TSX Venture Exchange (the “**TSXV**”) under the trading symbol “CY”. The Company changed its name to “Patriot One Technologies Inc.” and changed its trading symbol to “PAT” on August 24, 2016. The Company was delisted from the TSXV on April 9, 2019 and listed on the Toronto Stock Exchange (the “**TSX**”). The Company is also listed on the OTCQX in the United States under the symbol “PTOTF”, and on the Frankfurt Stock Exchange in Germany under the symbol “OPL”. The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario.

The principal regulator of the Company is the Ontario Securities Commission. The head office of the Company is located at 400-257 Adelaide Street West, Toronto, ON, M5H 1X9 and the registered and records office of the Company is located at 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares with no par value, of which 151,128,622 Common Shares are issued and outstanding.

Intercorporate Relationships

The Company has five wholly owned subsidiaries; Patriot One Detection Ltd., Patriot One (UK) Limited, Patriot One Detection Technologies Inc., EhEye Inc., and Xtract Technologies Inc. Patriot One Detection Ltd. was incorporated under the name Patriot One Technologies Inc. on March 7, 2016, under the *Business Corporations Act* (British Columbia) and on August 15, 2016, changed its name to Patriot One Detection Ltd. The registered and records office of Patriot One Detection Ltd. is located at 400-725 Granville Street, Vancouver, British Columbia, V7X 1G5.

Patriot One (UK) Limited was incorporated as a private limited company on November 7, 2017, under the laws of England. The registered and records office of Patriot One (UK) Limited is located at 41 Lothbury, London EC2R 7HF, United Kingdom.

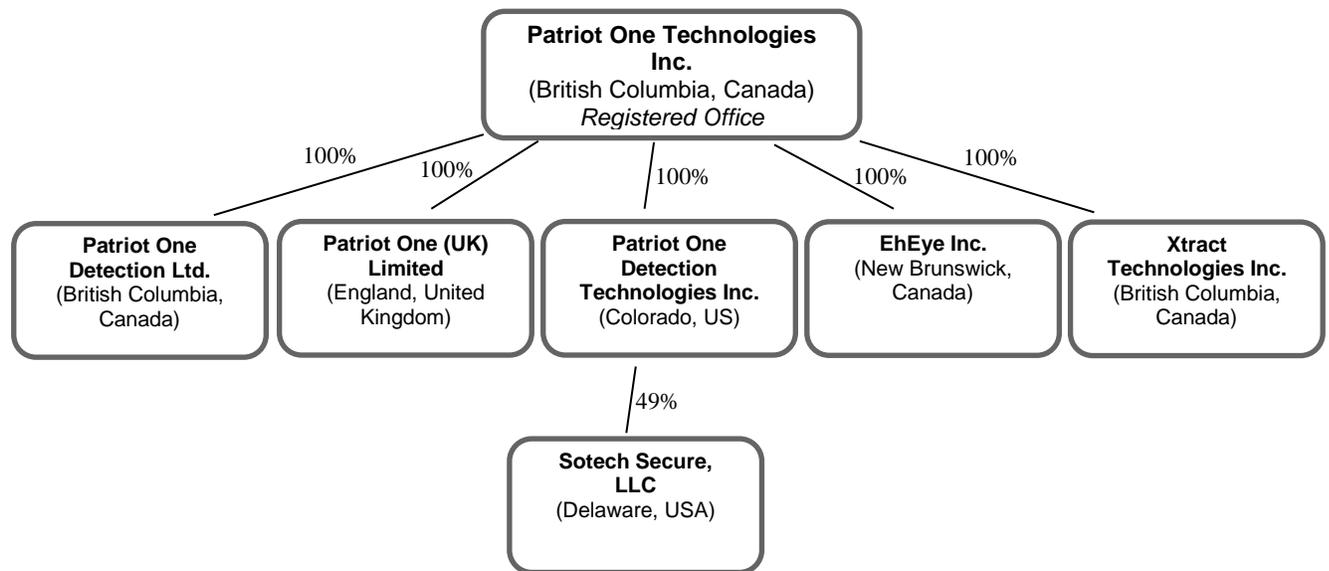
Patriot One Detection Technologies Inc. was incorporated as a private corporation on October 15, 2018, under the laws of the state of Colorado, United States of America. The registered and records office of Patriot One Detection Ltd. is located at 6400 S Fiddlers Green Circle, Suite 1000, Greenwood Village, CO, 80111.

EhEye Inc. was incorporated as a private corporation on November 1, 2016, under the laws of the province of New Brunswick. The registered and records office of EhEye Inc. is located at 412 Queen St., Unit 310, Fredericton, New Brunswick, E3B 1B6.

Xtract Technologies Inc. was incorporated as a private corporation on October 3, 2016, under the laws of the province of British Columbia. The registered and records office of Xtract Technologies Inc. is located at 400-725 Granville Street, Vancouver, British Columbia, V7X 1G5.

In addition, effective January 18, 2019, Patriot One Detection Technologies Inc. acquired a 50% interest in Sotech Secure, LLC ("**Sotech**"), a newly incorporated limited liability corporation formed under the laws of the State of Delaware. After the acquisition of Sotech, the Company's interest was diluted to a 49% equity interest.

The organization chart below indicates the intercorporate relationships of the Company, together with the jurisdiction of incorporation or constitution of each such entity.



Three Year History

The following key highlights were achieved by the Company over the past three years:

- On November 21, 2018, the Company issued 18,400,000 units for gross proceeds of \$46,000,000 pursuant to a bought deal equity financing. Each unit consisted of one Common Share and one Common Share purchase warrant. The 18,400,000 purchase warrants allow the holders to acquire an additional Common Share at \$3.25 per share until November 21, 2020.
- On January 10, 2019, the Company announced the closing of its acquisition of EhEye Inc. ("**EhEye**") and its video recognition software. The Company acquired 100% of the issued and outstanding shares of EhEye through the issuance of 1,636,363 Common Shares to the former shareholders

of EhEye, which is now a wholly owned subsidiary of Patriot. EhEye's video recognition software has been rebranded as PATSCAN VRS.

- On July 25, 2019, the Company entered into a licensing agreement with Quasar Federal Systems, Inc. ("**Quasar**") for a perpetual, worldwide, exclusive, fully paid-up, transferable, and irrevocable license to use Quasar's intellectual property in exchange for an aggregate cash consideration of \$6,574,000 (US\$5,000,000). The Quasar license includes access to patented sensor technology and patent-pending magnetic detection and security screening technology. This technology has been instrumental in developing our Multi Sensor Gateway product and subsequent product enhancements.
- On September 6, 2019, the Company acquired 100% of the issued and outstanding shares of Xtract Technologies Inc. ("**Xtract**") for a cash payment of \$6,000,000, a working capital adjustment and option holder payout of \$1,546,526, and the issuance of 9,422,956 Common Shares of the Company at a fair value of \$16,867,090. Xtract develops and commercializes artificial intelligence, machine learning, deep neural network, and predictive solutions utilizing its proprietary technology for public institutions and private enterprises. Through the integration of the Xtract data science team, the Company is progressing with advancing the integration of the various sensor technologies to further enhance the accuracy, effectiveness, and real-world utility of the PATSCAN platform.
- In May 2020, the Company released the first suite of video-based sensor solutions which dually serve end-user needs of weapons-related threat detection and the threat to public health and business continuity posed by the COVID-19 pandemic.
- On May 21, 2020, the Company was selected to receive up to \$4.5 million in co-investment capital from the Canadian Digital Technology Supercluster COVID-19 Program for the development and deployment of health and safety technologies to detect dangers before they become a threat to our communities. This funding will be used to expand the capabilities of the existing PATSCAN platform, adding health features in response to the COVID-19 Pandemic.
- In August 2020, the Company commercially released its Multi Sensor Gateway threat detection and patron screening solution, which identifies on-body concealed weapons that can pose a risk to mass casualty events and is a direct result of the contribution by the talent acquired through the Xtract acquisition.
- On August 10, 2020, the Company announced the appointment of Karen Hersh as its Chief Financial Officer and Corporate Secretary. Ms. Hersh joins the Company with over 25 years of experience across a broad spectrum of finance activities including financial reporting, strategic planning and corporate finance, including mergers and acquisitions.
- On August 18, 2020, the Company announced that Martin Cronin, the Company's former Chief Executive Officer and one of its early founding members, would be stepping down from his position.
- On November 16, 2020, the Company appointed Peter Evans as its Chief Executive Officer and Director. Mr. Evans brings strong expertise working with venture-backed and public companies in executive leadership, operations and board roles, and has a proven track record in revenue growth for early-stage technology organizations.

- On May 13, 2021, the Company announced enhancements to its Video Recognition Software (VRS) for identifying weapons and other threats in crowds. Key enhancements to VRS include High Fidelity Object Recognition and people counting capabilities.
- On July 22, 2021, the Company announced the release of the new Alert Center for its PATSCAN portfolio, a remote-access solution that enables security alert orchestration and delivery via a mobile app.
- On September 10, 2021, the Company announced it has released the next phase of its threat detection multi-sensor gateway (MSG) with technology enhancements that make it increasingly accurate, flexible and practical for sports and entertainment venues.

BUSINESS OF THE COMPANY

For this “Business of the Company” section, Patriot One Technologies Inc., Patriot One Detection Ltd., Patriot One (UK) Limited, Patriot One Detection Technologies Inc, EhEye, and Xtract shall collectively be referred to as “**Patriot**” or the “**Company**”. The principal business of the Company is to commercialize an integrated, layered, multi-sensor platform of technologies, referred to as the “PATSCAN platform”, with the aim of enhancing public health and safety. The Company’s mission is to be one of the foremost global proponents and providers of commercial threat countermeasures for community safety. The Company has two distinct operating segments being its Patriot Threat Detection and Xtract business units. Patriot Threat Detection develops and commercializes a platform of multi-sensor threat detection technologies, while Xtract develops and commercializes advanced artificial intelligence (“**AI**”) solutions for customers.

COVID-19 Impact on Operations

The COVID-19 global pandemic, with its discrete economic, political, and social challenges, necessitated the Company to take a comprehensive and holistic assessment of the impact such a profoundly impactful development has made on its planned strategic initiatives. The Company, not alone in its challenge, experienced delays in its ability to fully satiate reseller, customer, and other end-user performance obligations according to original planned timeframes. In the past few months, Canada and the United States has begun lifting its lockdown restrictions and returning to a degree of normalcy. This has helped generate strong interest for our PATSCAN solutions and allowed us to commence many new and reinstate many delayed pilots and deployments. The Company is hopeful that the conditions related to the pandemic will continue to improve in the coming months which will continue to drive sales momentum.

In parallel and concert with the challenges referenced above, the Company seized on the pronounced opportunities the COVID-19 pandemic provided in relation to technology-based solutions that empower private organizations, public entities, and society at large in returning to a routine that permits and encourages free movement and social gathering in a safe manner. This opportunity is reflected in a series of initiatives, which notably included:

- Securing of up to \$4.5 million of co-investment funding from the Canadian Digital Technology Supercluster (“DTS”), of which approximately \$2.9 million has been claimed as of July 31, 2021, for the advanced development and deployment of the health and safety detection modules of its Video Recognition Software;

- Advancing AI solutions to help radiologists identify the risk of the COVID-19 virus, in partnership with Amazon Web Services, Vancouver General Hospital and the University of British Columbia, and SapienML, among others; and
- Partnering with EcoMine Technologies Inc. in advancing an innovative, low-cost, on-the-spot pathogen screening technology, and advancing the partnership into an investment in Gemina Laboratories Ltd., a company trading on the Canadian Securities Exchange.

Although the recent steps towards reopening are encouraging, the Company continues to experience uncertainty in near-term planning as it relates to sales, supply chain management and customer implementation activities as a result of the ongoing pandemic.

Outlook and Overall Performance

Patriot Threat Detection Operating Segment

During the year, the Company continued to invest in research and development of its suite of technology products that form the PATSCAN platform and advance the functionality of its product offerings in response to the growing market opportunities and feedback from early-adopter customers, resellers and partnership organizations. The Company continues to accelerate its product development roadmaps in response to market opportunities and customer needs, focusing on the industry-specific utility of the various solutions and capabilities under development.

The Company's sales, marketing and business development activities have evolved in conjunction with the rest of the business as a result of the stage of the Company's maturity having advanced to a focus of commercial sales. The Company has now commercially released its video-based threat detection solutions and its Multi Sensor Gateway ("MSG") and continues to enhance the features and capabilities of each.

The Company is encouraged by the ongoing level of interest in its threat detection solutions and sees the recent customer commitments and growth in the opportunity pipeline as indicative of the hearty market opportunity as businesses, facilities and public spaces return to activities, events, and gatherings that had temporarily ceased, or at least dramatically reduced as a result of the COVID-19 pandemic. The Company has refined the focus of its sales, marketing and business development activities to address businesses, facilities and other venues that are focused on welcoming guests, patrons, the public and employees in a safe manner, in accordance with necessary social distancing, capacity limits and other such screening guidelines as appropriate. Such interest is increasing in the United States from casinos, sporting and entertainment venues, and certain manufacturing and logistics organizations. During the past few months, many mandated lockdown measures were lifted allowing the Company to commence in-person activities, including site surveys, trials and certain installation and deployment activities. In anticipation of increased sales volume, the Company has hired additional installation staff and upgraded its internal operations and financial infrastructure by implementing a new robust ERP system.

Xtract Operating Segment

In September 2019, the Company acquired AI company Xtract, a highly talented and award-winning team of AI experts, as part of an ongoing strategic initiative to bring together leading-edge technologies and services to enhance our PATSCAN platform. Xtract's development and deployment of AI solutions are built upon an understanding of deep neural networks. Xtract has developed novel neural network

architecture and fusion techniques that are more robust, efficient, and require lower memory than comparable standards. Xtract's video solutions use proprietary algorithms to apply human understanding to video and its analysis and have been successfully deployed for military, health and emergency services and environmental applications. Xtract's text solutions automate the digitization, parsing and understanding of large collections of text data, allowing users to address complex real-world challenges.

The Xtract team continues to dually focus on supporting the internal PATSCAN platform development efforts and the associated machine learning complexities of the various solutions under development in close coordination with the product development and data science teams, while also developing the AI based solutions contracted through public sector agencies and entities along with a growing number of private sector parties.

During and subsequent to the quarter, Xtract was awarded multiple government projects totaling \$2.6 million. This innovative AI team continues to build a robust pipeline of opportunities and an ever-expanding set of capabilities, which continue to inform and evolve the strategic aims of the Company. Critical strategic decisions for Xtract are made in close consultation and coordination with the Company's leadership to ensure maximum synergies are achieved.

Technology Update

Over the past year, the Company has made great strides with its AI-powered security offering and recently announced the launch of several new and innovative products. The Company has also built its own physical and health security platform that enables customers to enhance their security infrastructure. The platform is now able to take in information from multiple sources including camera sensors, environmental sensors and its own proprietary sensors to detect and provide important insights about potential threats. The PATSCAN platform's AI algorithms have the ability to recognize certain threats and provide actionable intelligence to users that enhances the secure operation of the event or the property.

During the first quarter of the 2021 fiscal year, we launched our core threat-detection solution in the form of our Multi Sensor Gateway product release within our PATSCAN platform. The MSG solution works in environments that require threat detection and have a high flow of people. This solution is delivering on the original vision for the Company, the ability to passively detect guns and other threats with minimal interruption to the flow of business. The Company continues to enhance the MSG product with new releases that will provide increased functionality and increasing levels of accuracy, as we move into more complex environments. This will allow us to pursue additional market applications and new vertical markets. The Company extended the reach of the product by introducing Alert Center, a mobile app that allows security personnel to receive and manage alerts from any location.

The AI innovations that were acquired from Xtract and EhEye are critical components to the delivery of the total solution. By integrating advanced analytics, the Company will continue to refine the efficacy of the solution, while also building out an AI platform for a broader set of market applications. The development of the Company's multi-input, machine-learning ("ML") platform correlates smart AI insights and provides the end user with actionable intelligence. The Company owns a robust AI platform solution that has proven itself in multiple test applications in various vertical markets. During the fourth quarter, the Company entered into trials using its advanced analytics to do mask detection, thermal screening and crowd disturbances. The Company is currently analyzing the outputs of these projects to determine new capabilities and market opportunities.

This leading-edge AI powered security platform is unique in the marketplace and has the flexibility to address varying market needs, while also supporting the creation of customizable solutions. All of this provides interesting considerations for both the near-term and long-term strategic opportunities for the Company. The Company continually assesses ways to expand its capabilities and addressable market and has a high-powered engineering team who can quickly deliver on these opportunities.

Market Opportunity

The Company has revamped its sales and marketing strategy to focus on near-term customers. Previously, the Company focused on all market verticals in need of enhanced security solutions where the Company's products could add value. In the short term, the Company is now focusing on markets where its solution operates effectively in the customer's physical environment, where the customer has a specifically stated need that fits the Company's solution, and where sales cycles are reasonable. This change was made with the aim of delivering near-term revenue. The Company has identified the following key market segments that are well suited for the Company's suite of threat detection technologies:

- Stadiums, arenas, theatres, and outdoor event spaces
- Casinos
- Commercial and retail buildings

The Company has been using marketing campaigns targeted at these industry groups which have led to promising opportunities and helped us secure early commitments. During the last few weeks of the quarter, the Company made meaningful progress with many customers and was able to build up its backlog. Some of the Company's initial sales are smaller commitments from large enterprise customers which will potentially lead to much larger installations. These customers prefer to roll out the MSG gateway to a few entrances to ensure they are comfortable with the solution and their related security protocols before using it throughout their venues. The Company is focused on these initial deployments' success which we believe will lead to much larger commitments. The Company is also working through the sales cycle with other prospects as quickly as possible.

Although the Company is focusing on these target markets in the short term, it will expand into additional markets with future releases of the product. The Company continues to make significant enhancements to its products and improve its capabilities and address customer needs. As our products continue to develop, we will expand our focus to other market verticals.

The global physical security market is expected to reach USD \$292 billion by 2025. Governments across different countries and regions are taking up smart city initiatives to enhance their infrastructure and are deploying improved security systems. Additionally, modernizing the existing infrastructure with robust security measures and strengthening the security of government agencies have been some of the top priorities for governments across developed countries. Organizations are increasingly concerned about employee safety and are hence setting up systems to prevent unauthorized access, further driving the demand for physical security solutions.

The video analytics market size was valued at \$4.1 billion in 2019 and is projected to reach \$20.8 billion by 2027, growing at a CAGR of 22.7% from 2020 to 2027. Used to help make surveillance operations more efficient, video analytics software comes in a variety of different formats and can be used to detect motion, read license plates, count people, and assist with other real-world challenges. In the case of physical security and video monitoring, video analytics software is primarily used to detect crime, weapons detection, and crowd disturbances. The adoption of cloud-based video analytics software will

rise, allowing security companies to capitalize on all the benefits of video analytics completely remotely. Companies that adopt this form of software are opening their doors to a cost-effective solution that will benefit from constant updates and improvements via the cloud.

The safety and security market remains a robust market with growing threats from both man-made tragedies along with natural, biological threats underpinning higher rates of growth in this market worldwide. The public health safety market is currently undergoing monumental changes on account of the COVID-19 pandemic, presenting immense opportunities to the Company and many others to support businesses, governments, and private citizens in resuming less restrictive routines. The Company will continue to focus on opportunities where it can provide technology-based solutions to assist in the resumption of less restrictive routines.

The Company is currently expanding its reseller base, covering larger geographical territories and their respective end-user clientele. In furtherance of these initiatives, the Company is also commencing, in parallel, a direct to end-user sales model which will more precisely address our target industry groups. This will give more visibility into opportunities allowing us to forecast more accurately, control the sales process, remain competitive, increase sales margins, maintain the relationship with the end-user and learn directly from these early customers for further enhancements to the platform. The effect of this approach has already been seen with an increase in the sales pipeline and well-qualified opportunities where we have intimate knowledge of the customer and their processes. In parallel, we are building a program to support the recruitment of strategic alliance partners that offer complementary technologies where we can develop integrations and connect our products to offer more complete solutions together. This will provide us with access to a larger install base and promote direct sales.

Throughout the fiscal year, the Company was engaged in selected opportunities for collaboration, innovation, and business development relationships to accelerate our growth and expand our presence globally. We are actively pursuing opportunities to leverage new technologies, execute on new business opportunities and grow our client base while providing business value to our clients.

The Company has recently instituted competitive sales programs and pricing schemes in close coordination with early-adopter reseller and end-user customers to ensure that our solutions directly address customer needs.

Competitive Conditions

The markets in which the Company operates are highly competitive but have not experienced meaningful technological change in decades. The patron screening and weapon detection market is relatively concentrated and dominated by a few large providers. Competition is primarily based on product accuracy, product functionality, customer relationships, the number of people who can be screened per hour and price. The Company's solutions offer a technological enhancement to the current solutions offered in the marketplace. The Company believes its disruptive technology provides it with a competitive advantage over the current dominant players in the marketplace.

Environmental Protection

There are no financial and operational implications of environmental requirements on the capital expenditures, profit or loss, and competitive position of the Company in the current financial year, and none is expected in future years.

Employees

As of July 31, 2021, the Company had 68 employees.

Risk Factors

An investment in our Common Shares involves significant risks. Investors should carefully consider the risks described below and the other information elsewhere in this Annual Information Form, including our Patriot financial statements and related MD&A. We operate in rapidly changing economic and technological environments that present numerous risks, many of which are driven by factors that we cannot control or predict. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business and operations and cause the trading price of our Common Shares to decline. If any of the following risks or other risks occur, our business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of our Common Shares could decline, and investors may lose all or part of their investment in our Common Shares. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks. See “Forward-Looking Statements” at the beginning of this Annual Information Form for additional risks.

Risks Related to Our Business

Limited operating history

The limited operating history of the Company as a public company and its dependence on a market characterized by rapid technological change makes the prediction of future results of operations difficult or impossible. There can be no assurance that the Company can generate substantial revenue growth on a quarterly or annual basis, 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. Also, the Company may increase its operating expenses to fund higher levels of research and development, increase its sales and marketing efforts, develop new distribution channels, broaden its customer support capabilities, and expand 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, results of operations, and financial condition would be materially adversely affected.

General risks relating to the COVID-19 pandemic

The Company is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. Although the development and spread of vaccinations has mitigated the impact of the COVID-19 pandemic over the past few months, it nonetheless remains a threat. In conducting our activities, the Company is exposed to operational and financial risk which can have adverse impacts on our industry and our business. COVID-19 has created unprecedented uncertainty in the global economy. The pandemic began to affect market demand early in the fourth quarter of fiscal 2020 as border restrictions were implemented. It is difficult to accurately predict the duration or severity of the pandemic and it is extremely challenging for the Company to accurately estimate or quantify the magnitude of the pandemic’s impact on our operations, financial condition, and strategic plan. Due to the unprecedented and ongoing nature of COVID-19 and the fact that the response to the pandemic is evolving in real-time and differs

geographically from one region to another, estimates of the economic impacts of the COVID-19 pandemic remain inherently highly uncertain and speculative. Even after the COVID-19 pandemic is over, we may continue to experience material adverse effects on our business, financial condition, and strategic plans because of the continued disruption in the global economy and any resulting recession, the effects of which may persist beyond that time. The Company has been closely monitoring and actively implementing and updating our response to the evolving COVID-19 pandemic and its impacts on our employees, our operations, the global economy, and the demand for our products and services.

Health and safety risks relating to the COVID-19 pandemic

Since safety is one of our main priorities at the Company, we have implemented mitigation measures to reduce the risk of potential COVID-19 outbreaks, including compelling most employees to work from home, where possible, and creating protocols, policies, and guidelines for employees, resellers, customers, and visitors. Despite our proactive response to COVID-19, risk of potential outbreaks having an adverse effect on the Company still exists.

Reduction and suspension of operations during the COVID-19 pandemic

We cannot predict when or how long the restrictive measures will take place or whether other measures will need to be implemented to contain the outbreak in any jurisdiction where the Company operates; however, these measures could have a material and adverse effect on our financial and operating performance. Delay in the production of our products and completion of the Company's services may require us to incur additional non-compensable costs, including overtime work, that are necessary to meet our clients' schedules. Due to various factors, a delay in the commencement or completion of a project may also result in penalties or sanctions under contracts or even the cancellation of some contracts. Additionally, some of our customers, including governments, educational institutions, and sports arenas around the world, could delay contract awards as they are dealing with the pandemic and cash conservation measures.

The global economy risk relating to the COVID-19 pandemic

As the COVID-19 pandemic continues to be a risk, the economic impact could be severe to global economies depending on the duration of the pandemic, the likelihood, and scope of any subsequent waves of COVID-19, and the continued measures put in place to contain the outbreak. Global financial markets have experienced and could continue to experience significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions and financial markets. However, the efficacy of the government and central bank interventions is uncertain. This uncertainty has already materialized with falling global GDP growth, causing a global financial market shock which has directly impacted our share price. Uncertainties related to and perceived or experienced negative effects from COVID-19 may continue to cause significant volatility or decline in the trading price of our securities, capital market conditions, and general economic conditions.

The Company has incurred net losses in the past and may incur losses in the future

The Company has a limited history of earnings and cash flow from operations. The Company may not generate material revenue or achieve self-sustaining operations in the next year. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

The Company has incurred losses since its inception and has an accumulated deficit of \$79,447,536 as of July 31, 2021. Patriot does not know if business operations will become profitable, and if so, when, or if the Company will continue to incur net losses beyond Fiscal 2021. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations concerning personnel, financial and other resources, and lack of revenues. The Company expects to incur significant expenses as it develops and expands its business, which will make it harder for the Company to achieve and maintain future profitability. The Company may incur significant losses in the future for several reasons, including the other risks described in this Annual Information Form, and the Company may encounter unforeseen expenses, difficulties, complications, delays, and other unknown events. Accordingly, the Company may not be able to achieve or maintain profitability.

Concealed weapons detection through novel technological approaches is a relatively new market and the rate of adoption and the Company's associated growth in anticipated markets may not be representative of rates of adoption or future growth in other markets

The Company is expected to derive a significant portion of its revenues in subsequent years from the commercial sale and implementation of its various current and future developed and/or acquired products and technology in the threat detection sector, a relatively new and rapidly evolving market. If this market fails to grow or grows slower than the Company currently anticipates, the Company's business would be negatively affected. To date, the Company has targeted markets that we believe are the most likely to adopt its technology. However, there is no assurance that the Company will be successful in these markets or will be able to expand beyond these markets.

Fluctuations in quarterly results may fail to meet the expectations of investors or security analysts which could cause the Company's share price to decline

The Company's quarterly operating results have in the past, and will in the future, fluctuate significantly, depending on factors such as the demand for the Company's products, the size, and timing of orders, the number, timing, and significance of new product announcements by the Company and its competitors, the ability of the Company to develop, introduce and market new and enhanced versions of its products on a timely basis, the level of product and price competition, changes in operating expenses, changes in average selling prices and product mix, sales personnel changes, the mix of direct and indirect sales, product returns and general economic factors, among others. Fluctuations in our operating results may be due to several factors, including, but not limited to, those listed below:

- demand for and market acceptance of our products;
- the product mix, services, hardware, and delivery method of our solution sold during a period;
- the quantum of professional services purchased by our customers;
- our ability to retain and increase sales to existing customers and attract new customers;
- the timing of product releases which determines when we can recognize the associated revenue;
- the timing and success of introductions of new solutions or upgrades by us or our competitors;
- the strength of the economy;
- changes in our pricing policies or those of our competitors;
- competition, including entry into the industry by new competitors and new offerings by existing and unforeseen competitors;
- the amount and timing of expenditures related to expanding our operations, research and development, or launch of new solutions; and
- changes in the payment terms for our solutions.

Due to the foregoing factors, and the other risks discussed in this Annual Information Form, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

If the Company is unable to attract new customers or sell additional products to our existing customers, our revenue growth and profitability will be adversely affected

To increase our revenue and achieve profitability, we must continually add new customers or sell additional solutions to our existing customers, which we plan to do. Numerous factors, however, may impede our ability to add new customers and sell additional solutions to our existing customers, including our inability to convert qualified leads generated by our existing network into paying customers, failure to attract and effectively train new sales and marketing personnel, failure to retain and motivate our current sales and marketing personnel, failure to develop relationships with partners or resellers and/or failure to ensure the effectiveness of our marketing programs. Further, if prospective customers do not perceive our solutions to be of sufficiently high value and quality, we will not be able to attract the number and types of new customers that we are seeking.

A decline in the growth of demand for the Company's products would have a material adverse effect on our operating results and growth prospects

The sales potential of the Company's products and solutions is still at an early commercial stage. The ongoing and future demands for the Company's products and services, in existing and target industries, are yet to be fully established and are 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 products and services for revenue to be sustainable. The Company's future performance will be dependent on its ability to design, develop, manufacture, assemble, 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 give 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 new product development to expand its business within existing markets. The Company plans to utilize available funds to build on existing, and develop new, relationships in the industry. The Company also plans to prioritize its research and development efforts on technologies that offer attractive long-term growth opportunities and expanding its product portfolio.

The Company faces certain significant risk exposures and potential liabilities that may not be adequately covered by indemnity or insurance

A significant portion of the Company's business relates to providing weapon detection solutions to customers using innovative technology. These systems may fail to detect a weapon and fail to prevent a mass casualty event opening the Company up to significant liability. In some, but not all, circumstances, the Company may be entitled to indemnification from customers, either through contractual provisions, qualification of the Company's products and services by the Department of Homeland Security under the SAFETY Act provisions of the Homeland Security Act of 2002, or otherwise. The amount of the Company's insurance coverage maintained or indemnification to which the Company may be contractually or otherwise entitled may not be adequate to cover all claims or liabilities, and it is not possible to obtain insurance or indemnification coverage to protect against all operational risks and liabilities. Accordingly, the Company may be forced to bear substantial costs resulting from risks

and uncertainties of our business which would negatively impact the Company's results of operations, financial condition, or liquidity.

Because many of Patriot's expenses will be fixed, the Company may not be able to limit its losses if the Company fails to achieve forecasted revenue

To further advance the commercialization of its technologies, the Company may be required to make significant investments in operations. If the Company's initial product adoptions are unsuccessful or the Company's business does not develop as quickly as anticipated, or if there is a lack of demand for the Company's products, the Company may be unable to offset these costs, and the Company's operating results may be adversely affected as a result of high operating expenses, reduced margins, underutilization of capacity and asset impairment charges. Moreover, the Company must rely largely on its market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition. The success of the Company further depends on the continued ability to attract, retain, and motivate highly qualified management, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders.

Growth may place significant demands on the Company's management and the Company's resources

The Company expects to experience substantial growth in its business. This growth has placed and may continue to place significant demands on the Company's management and the Company's operational and financial resources. The Company may not be able to provide the scale of operation necessary to meet the demands associated with its growth. As the Company grows, the Company will need to implement new systems to help run the Company's operations. As the Company's operations grow, scope and complexity, the Company will need to continue to improve and upgrade the Company's systems and infrastructure to offer an increasing number of customers with enhanced services, solutions, and features. The Company may choose to commit significant financial, operational, and technical resources in advance of an expected increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Company's ability to maintain reliable service levels for existing and new customers, which could adversely affect the Company's reputation and business.

Also, the Company's operating results may not meet the expectations of investors or public market analysts who follow the Company.

Managing the Company's growth will require significant expenditures and allocation of valuable management resources, and the failure to do so appropriately may harm the Company's business, operating results, and financial condition.

Future acquisitions could disrupt the Company's business and harm the Company's financial condition and operating results

The Company's success will depend, in part, on the Company's ability to expand the markets for its product and services and grow the Company's business in response to changing technologies, customer needs, and competitive pressures. The Company may seek to grow the Company's business by acquiring complementary businesses, solutions, or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and the Company may not be able to complete identified acquisitions. Further, the Company may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel, and/or operations of any company the Company acquires. Acquisitions may also involve the entry into geographic or business markets in which the Company has little or no prior experience. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or the Company may be exposed to unknown liabilities. For one or more of those transactions, the Company may, among other things:

- issue additional equity securities that would dilute the holders of Common Shares.
- use cash that the Company may need in the future to operate its business;
- incur debt on terms unfavorable to the Company or that the Company is unable to repay;
- incur large charges or expenses or assume substantial liabilities;
- amortize or write down the investment in related to goodwill and other intangible assets;
- encounter difficulties retaining key employees of the acquired companies or integrating diverse software codes or business cultures; and
- become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

Any of these risks could harm the Company's business and operating results.

The impact of worldwide economic conditions, including the effect on target market spending, may adversely affect the Company's business, operating results, and financial condition

The Company's anticipated performance will be subject to worldwide economic conditions, such as unemployment levels, interest rates, or inflation rates, each of which influence, among other things, consumer trends and the levels of government and private sector security spending.

The Company expects several external factors to cause the Company's operating results to fluctuate from quarter to quarter, which may make it difficult to predict the Company's future performance.

The Company's revenues, if any, and operating results could vary significantly from quarter to quarter due to a variety of factors, many of which are outside of the Company's control. As a result, comparing the Company's operating results on a period-to-period basis may not be meaningful. In addition to other risk factors discussed in this section, factors that may contribute to the variability of the Company's quarterly results include:

- the impact of worldwide economic conditions and their impact on levels of security and defense spending;
- certain fixed costs inherent in the Company's business, which limit the Company's ability to adjust for period-to-period changes in demand;
- global supply chain management issues which may impede the Company's ability to obtain the necessary materials required to produce our solutions;

- system interruptions that impair access to the Company's customers, key vendors or communication with the Company's technology and any related impact on the Company's reputation;
- changes in market demand for the Company's products and services hindering the Company's ability to forecast revenues accurately and appropriately plan the Company's expenses; and
- the impact of fluctuations in currency exchange rates, to the extent that the Company sources material or labor from outside of Canada, sells its products outside of Canada, or operates outside of Canada.

If the security of customers' confidential information stored in the Company's systems is breached or otherwise subjected to unauthorized access, the Company's reputation or brand may be harmed and the Company may be exposed to liability and a loss of customers

It is expected that the Company's system will store, process, and transmit certain confidential information of its customers. Presently, the Company plans to outsource the storing, processing, and transmission of certain information to a third-party service provider. It is expected that the Company will rely on encryption, authentication, and other technologies licensed from third parties, as well as administrative and physical safeguards, to secure such confidential information. Any compromise of the Company's security or the security of its third-party service providers could damage the Company's reputation and brand and expose the Company to the risk of loss, costly litigation, and liability that would substantially harm the Company's business and operating results. The Company and the Company's third-party data center facilities may not adequately assess the internal and external risks posed to the security of the Company's systems and information and may not implement adequate preventative safeguards or take adequate reactionary measures in the event of a security incident.

Also, many jurisdictions have enacted laws requiring companies to notify individuals and often government authorities of data security breaches involving their data. These mandatory disclosures regarding a security breach often led to widespread negative publicity, which may cause the Company's prospective customers to lose confidence in the effectiveness of the Company's data security measures. Any security breach, whether successful or not, would harm the Company's reputation and brand and may result in the loss of customers and or subject the Company to liabilities.

Failure to comply with various applicable laws, including the collection of sales or related taxes, could harm the Company's results of operations and financial condition

The Company's business will be subject to various local, provincial, and federal tax payment and collection requirements. The amounts that the Company is expected to be required to pay or collect may change as the Company's business develops and expands. As a result, the Company will need to continually ensure proper taxes are paid or collected and remitted to the appropriate tax agencies. If the Company does not collect the appropriate taxes from its customers, the Company may need to pay more than what it has collected. Also, the Company may be audited by various agencies to ensure compliance with tax collection requirements. Such audits could result in additional sales or other tax collection obligations on the Company which the Company may not be able to recover from its customers. Such obligations could have a material adverse impact on the Company's future operating results.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information

The Company expects to partially rely on patent protection to protect its proprietary technologies;

however, the Company's competitive advantage will rely to a certain extent on owned and developed trade secrets. Patriot has devoted substantial resources to the development of its proprietary technology and related processes. To protect the Company's proprietary technology and processes, the Company intends to rely in significant part on confidentiality and invention assignment agreements with the Company's employees, licensees, independent contractors, and other advisors. These agreements may not effectively prevent disclosure of confidential information, may not deter independent third-party development of similar technologies, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information or misappropriation of the Company's technology. Also, others may independently discover trade secrets and proprietary information, and in such cases, the Company would not be able to assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the Company's competitive business position.

Failure to adequately protect the Company's intellectual property could substantially harm the Company's business and operating results

As the Company's business depends substantially on the Company's intellectual property, the Company could be adversely affected if it does not adequately protect its intellectual property rights. The Company regards its marks, rights, and trade secrets, and other intellectual property rights as critical to the success of the Company's business. To protect its investments and the Company's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements, and other contractual arrangements with its employees, customers, strategic partners, acquisition targets and others to protect proprietary rights. These measures afford only limited protection for the Company. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's technology's features, software, and functionality or obtain and use information that the Company considers proprietary. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks, and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights.

Moreover, policing the Company's proprietary rights is difficult and may not always be effective. In particular, the Company may need to enforce the Company's rights under the laws of countries that do not protect proprietary rights to as great an extent as do the laws of Canada. Further, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Litigation or proceedings before governmental authorities and administrative bodies in the United States, Canada, and abroad may be necessary for the future to enforce the Company's intellectual property rights, to protect the Company's patent rights, trade secrets, trademarks, and domain names and to determine the validity and scope of the proprietary rights of others. The Company's efforts to enforce or protect the Company's proprietary rights may be ineffective and could result in substantial costs and diversion of resources and could substantially harm the Company's operating results.

The Company will rely on trade secrets to protect technology where it does not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. While commercially reasonable efforts to protect trade secrets will be used, strategic partners, employees, consultants, contractors, or

scientific and other advisors may unintentionally or willfully disclose information to competitors. If the Company is not able to defend patents or trade secrets, then it will not be able to exclude competitors from developing or marketing competing products, and the Company may not generate enough revenue from product sales to justify the development cost of products or achieve or maintain profitability.

The Company's exposure to risks associated with the use of intellectual property may increase as a result of acquisitions, as the Company has a lower level of visibility into the development process concerning acquired technology or the care taken to safeguard against infringement risks.

Third parties may make infringement and similar or related claims after the Company has acquired technology that had not been asserted before the Company's acquisition. Patriot is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe upon its intellectual property. While it is the practice of Patriot to undertake pre-filing searches and analyses of developing technologies, the Company cannot guarantee that it has identified every patent or patent application that may be relevant to the research, development, or commercialization of its products. Moreover, the Company cannot assure that third parties will not assert valid, erroneous, or frivolous patent infringement claims.

The Company's failure to raise additional capital necessary to expand the Company's operations and invest in the Company's business could reduce the Company's ability to compete successfully

The Company may require additional capital in the future to support ongoing operations, undertake capital expenditures, or undertake acquisitions or other business combination transactions. Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company requires research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of the Company. The Company may not be able to obtain debt or additional equity financing on favorable terms, if at all. If the Company raises additional equity financing, the shareholders of the Company may experience significant dilution of their ownership interests, and the per-share value of the Common Shares could decline. Moreover, any new equity securities the Company issues could have rights, preferences, and privileges senior to those of holders of Common Shares. If the Company engages in debt financing, the Company may be required to accept terms that restrict its ability to incur additional indebtedness and force it to maintain specified liquidity or other ratios. If the Company needs additional capital and cannot raise or otherwise obtain it on acceptable terms, it may not be able to, among other things:

- develop or introduce service enhancements to customers;
- continue to expand or maintain the Company's development, sales and marketing, and general and administrative functions;
- acquire complementary technologies or businesses;
- expand the Company's operations;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

The Company will depend on key and highly skilled personnel to operate its business and if the Company is unable to retain its current personnel or hire additional personnel, the Company's ability to develop and successfully market its business could be harmed

The Company believes its future success will depend in large part upon the Company's ability to attract and retain highly skilled managerial, technical, finance, and sales and marketing personnel. The Company plans to expand its workforce domestically and, if applicable, internationally as the Company grows its business. The Company expects to compete in the market for personnel against numerous companies, including larger, more established competitors that have significantly greater financial resources than the Company and which may be in a better financial position to offer higher compensation packages to attract and retain human capital. The Company cannot be certain that it will be successful in attracting and retaining the skilled personnel necessary to operate its business effectively in the future.

Moreover, the Company believes that its future success is highly dependent on the contributions of Patriot's executive team. Patriot's key employees possess specialized knowledge of the Company's business and industry and would be extremely difficult to replace. Also, the loss of any key employee or the inability to attract or retain qualified personnel could harm the market's perception of the Company and the Company's brand. Qualified individuals are in high demand, and the Company may incur significant costs to attract them. The Company may be unable to attract and retain suitably qualified individuals who can meet its growing operational and managerial requirements or may be required to pay increased compensation to do so. While employment agreements will be used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. If the Company is unable to attract and retain the qualified personnel it will need to succeed, its business will suffer. Any loss of the services of such individuals or relationships could have a material adverse effect on the Company's business, operating results, or financial condition.

The Company's business may require permits and licenses

In addition to those discussed above, the operations of the Company and its products require licenses, certifications, and permits from various governmental and regulatory authorities. There can be no assurance that such licenses and permits will be granted, maintained, or renewed. Any failure to obtain, maintain or renew any of the licenses and permits required by the Company or any of its subsidiaries could have a material adverse effect on the Company's business, operating results, or financial condition.

The Company's business is subject to regulatory changes

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company's prospects must be considered considering the risks, expenses, shifts, changes, and difficulties frequently encountered with companies whose businesses are regulated by various federal, state, provincial, and local governments. Active threat detection technology and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever-changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the Company's business.

High competition in the industry

There is a high potential that the Company will face intense competition from other companies, some

of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing 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. Competitive pressures created by any one of the Company's competitors could have a material adverse effect on the Company's business, results of operations, and financial condition. New technologies and the expansion of existing technologies may increase the competitive pressures on the Company by enabling the Company's competitors to offer a lower-cost product.

Risks associated with brand development of the Company

The Company believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Company, particularly considering the competitive nature of the Company's market. Promoting and positioning its brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide high-quality services. To promote its brand, the Company will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Company in building its brand. If the Company fails to promote and maintain its brand or incurs substantial expenses to promote and maintain its brand or if the Company's existing or future strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, results of operations and financial condition would be materially adversely affected.

The Company's business is subject to rapid technological change

The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the active threat detection business. The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent service, and product announcements, introductions, and enhancements, and changing customer demands. As a result, an investment in the securities of the Company is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment.

The Company's business is subject to the risks of earthquakes, fires, floods, and other natural catastrophic events and interruption by manmade problems such as computer viruses and terrorism

The Company's systems and operations are vulnerable to damage or interruption from earthquakes, volcanoes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins, and similar events. For example, a significant natural disaster, such as an earthquake, fire, or flood, could have a material adverse impact on the Company's business, operating results, and financial condition, and the Company's insurance coverage may be insufficient to compensate the Company for losses that may occur. The Company's servers may also be vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering with the Company's computer systems, which could lead to interruptions, delays, loss of critical data, or the unauthorized disclosure of confidential data. The Company may not have sufficient protection or recovery plans in certain circumstances and the Company's business interruption insurance (as and if carried by the Company) may be insufficient to compensate the Company for losses that may occur. As the Company expects to rely heavily on its servers, computer and communications systems, and the Internet to conduct the Company's business and provide high-quality customer experience, such disruptions could negatively

impact the Company's ability to run the Company's business, which could have an adverse effect on the Company's operating results.

Further, the business of the Company may not be insurable, or the insurance may not be purchased due to the high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the Company.

Future share issuances may affect the market price of the Common Shares

To finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. Patriot cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

Issuance of debt

From time to time the Company may finance acquisitions, expansions, or operations partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's constating documents do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise, or at all. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.

Risks associated with international operations of the Company

A component of the Company's strategy is to expand internationally. Expansion into international markets will require management's attention and resources. The Company has limited experience in localizing its service, and the Company believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Company will be successful in expanding into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. To the extent that the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, results of operations, and financial condition.

Dividends

The Company does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of its business. Any future determination relating to the Company's dividend policy

will be made at the discretion of the Company's Board and will depend on several factors, including future operating results, capital requirements, financial condition, and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, prospects and other factors the Company's Board may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares in the foreseeable future.

Difficulty in forecasting

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

Global economy risk

Access to financing has been negatively impacted by the ongoing global economic risks and geopolitical instability. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where its cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans or other credit facilities in the future and on terms favorable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could harm the Company's operations and the trading price of the Company's securities.

Litigation

The Company may become a 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 Company's Common Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

The commercial success of the Company will depend in part on not infringing upon the patents and proprietary rights of other parties and enforcing its patents and proprietary rights against others. The Company's research and development programs will be in highly competitive fields in which numerous third parties have issued patents and pending patent applications with claims closely related to the subject matter of the Company's programs. The Company is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe on its intellectual property.

Risks associated with acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services, or products that the Company believes are strategic. The Company currently has no understandings, commitments, or agreements concerning any other material acquisition and no other material acquisition is currently being pursued.

There can be no assurance that the Company will be able to identify, negotiate, or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service, or product into the Company may result in

unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for the ongoing development of the Company's business.

Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations, and financial condition. Any such future acquisitions of other businesses, technologies, services, or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favorable to the Company, or at all, and such financing, if available, might be dilutive.

Economic environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability.

Financial risk exposures

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

The Company may alter its proposed use of current and future available funds

Patriot has used and intends to use its available capital to further advance its business and for general working capital. Although these allocations are based on the current expectations of management of Patriot, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the discretion of the Company, and there can be no assurance as of the date hereof as to how those funds may be reallocated.

Going-concern risk

The Company's financial statements have been prepared on a going concern basis under which an entity can realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and/or the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving or maintaining profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

DIVIDENDS AND DISTRIBUTIONS

The Company has not paid dividends to its Shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's current policy is to retain cash flows to finance the development and enhancement of its products and to otherwise invest in the Company's business.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares, of which 151,128,622 Common Shares are issued and outstanding. Shareholders are entitled to receive notice of, attend, and vote at any meeting of the Shareholders, and to cast one vote for each Common Share held on the applicable record date in respect of any matter put to vote at such a meeting. Shareholders are entitled to receive dividends if, as, and when declared by the Board. Shareholders are entitled to share equally in the remaining property of the Company upon the liquidation, dissolution, or winding-up of the Company.

Omnibus Incentive Plan

The Company has an omnibus incentive plan (the “**Omnibus Incentive Plan**”) under which up to a maximum of 10% of the issued and outstanding Common Shares may be reserved for issuance according to the exercise of Stock Options. On November 5, 2019, Shareholders approved the Omnibus Incentive Plan. As of the date herein, the maximum number of Common Shares that may be reserved for issuance under the Stock Option Plan is 15,112,862.

As of the date herein, there are a total of 7,976,487 Stock Options issued and outstanding. Stock Options are exercisable by the holders thereof to acquire Common Shares at a future date. The terms and conditions attached to the Stock Option grants are determined by the Board, at its sole discretion. The Board has the power and discretionary authority to determine the terms and conditions of the Stock Option grants, including the individuals who will receive the Stock Option grants, the number of Stock Options subject to each grant, the exercise price of the Stock Options, the limitations, or restrictions on vesting of Stock Options, acceleration of vesting of Stock Options, the form of consideration payable on settlement of Stock Options and the timing of the Stock Options grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash.

During the year ended July 31, 2021, the Company granted Stock Options as follows:

Date of Grant	Number of Options	Exercise Price	Expiry Date
10-Aug-2020	250,000	\$ 0.97	10-Aug-2025
15-Sep-2020	105,000	\$ 0.69	15-Sep-2025
29-Oct-2020	290,000	\$ 0.56	29-Oct-2025
11-Nov-2020	720,000	\$ 0.57	11-Nov-2025
10-Dec-2020	50,000	\$ 0.51	10-Dec-2025
22-Mar-2021	60,000	\$ 0.49	22-Mar-2026
15-Jun-2021	1,355,000	\$ 0.52	15-Jun-2026
	2,830,000		

The Company’s Omnibus Incentive Plan allows the Board to grant deferred share units (“**Deferred Share Units**”) to directors or any other individual at its sole discretion. As of the date herein, there are no Deferred Share Units issued and outstanding. Deferred Share Units are redeemable for one fully paid Common Share at a specified future date. The terms and conditions attached to the Deferred Share Unit grants are determined by the Board, at its sole discretion. The Board has the power and discretionary authority to determine the terms and conditions of the Deferred Share Unit grants, including the individuals who will receive the Deferred Share Unit grants, the number of Deferred Share Units subject

to each grant, the redemption date of the grant and the timing of the Deferred Share Unit grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash.

During the year ended July 31, 2021, the Company did not grant any Deferred Share Units.

The Company's Omnibus Incentive Plan allows the Board to grant restricted share units ("**Restricted Share Units**") to directors or any other individual at its sole discretion. As of the date herein, there are no Restricted Share Units issued and outstanding. Restricted Share Units are redeemable for one fully paid Common Share but subject to certain restrictions. The terms and conditions attached to the Restricted Share Unit grants are determined by the Board, at its sole discretion. The Board has the power and discretionary authority to determine the terms and conditions of the Restricted Share Unit grants, including the individuals who will receive the Restricted Share Unit grants, the number of Restricted Share Units subject to each grant, the restrictions placed on the Restricted Share Units, the vesting terms applicable to the grant of the Restricted Share Unit and the timing of the Restricted Share Unit grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash. During the year ended July 31, 2021, the Company did not grant any Restricted Share Units.

Trading Price and Volume

The Company's Common Shares are listed and posted for trading on the TSX under the symbol "PAT", on the OTCQX in the United States under the symbol "PTOTF", and on the Frankfurt Stock Exchange in Germany under the symbol "OPL". On October 21, 2021, the closing price of the Common Shares on the TSX was \$0.44.

The following table sets out the high and low closing share prices and the aggregate volume of trading of the Company's Common Shares on the TSX for the most recently completed financial year.

Period	High (\$)	Low (\$)	Volume
Aug-20	0.99	0.66	5,746,700
Sep-20	0.78	0.66	2,620,800
Oct-20	0.84	0.54	5,542,000
Nov-20	0.70	0.51	4,746,600
Dec-20	0.59	0.39	11,338,900
Jan-21	0.64	0.42	7,566,700
Feb-21	0.75	0.51	9,120,000
Mar-21	0.62	0.47	4,295,000
Apr-21	0.58	0.47	3,466,900
May-21	0.53	0.44	2,239,100
Jun-21	0.64	0.48	3,674,200
Jul-21	0.51	0.45	1,578,000

Prior Sales

During the year ended July 31, 2021, the Company issued Stock Options. No other securities that are not listed or quoted on a marketplace have been issued during the year ended July 31, 2021. See "*Description of Capital Structure – Omnibus Incentive Plan*".

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The table below lists the number of securities held in escrow to the Company's knowledge, or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class as of July 31, 2021.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	3,140,968	2.08%
Stock Options	Nil	Nil
Warrants	Nil	Nil

DIRECTORS AND OFFICERS

Directors

The following table sets out, as at the date hereof, for each of our directors, the person's name, province or state, and country of residence, position(s) with us, the date on which he became a director, his principal occupation and previously held positions for the last five years. Our directors are expected to hold office until our next annual meeting of shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of Shareholders.

Name and province or state and country of residence	Position with the Company	Director since	Principal occupation for the past five years ⁽¹⁾	Number and % of Common Shares held in the Company
Martin Cronin British Columbia, Canada	Director and former CEO	November 9, 2016	See the detailed description below.	577,650 (0.38%)
John Gillies ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Independent Director	May 30, 2017	See the detailed description below.	150,000 (0.09%)
Peter van der Gracht ⁽²⁾⁽⁶⁾ British Columbia, Canada	Independent Director and Chairman of Board	July 10, 2018	See the detailed description below.	77,000 (0.05%)
Victoria Calvert ⁽⁴⁾⁽⁵⁾ Alberta, Canada	Independent Director	May 29, 2019	See the detailed description below.	4,000 (0.002%)
Bill Maginas ⁽³⁾⁽⁴⁾⁽⁶⁾ Ontario, Canada	Independent Director	January 1, 2020	See the detailed description below.	Nil

Lea M Ray ⁽³⁾⁽⁵⁾ Ontario, Canada	Independent Director	February 7, 2020	See the detailed description below.	Nil
Peter Evans Florida, USA	CEO and Director	December 10, 2020	See the detailed description below.	18,000 (0.011%)

Notes:

1. Information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
2. Chair of the Board of Directors.
3. Member of the Audit Committee.
4. Member of the Compensation and Human Resource Committee.
5. Member of the Governance and Nomination Committee
6. Mr. van der Gracht ceased to be a member of the Audit Committee on March 16, 2021 and was replaced by Mr. Maginas.
7. The Technology Review Committee was formally dissolved on March 16, 2021. The committee's duties were reallocated to the executive team of the Company.

Executive Officers

The following table sets out, as at the date hereof, for each of our officers not noted above, the person's name, province or state, and country of residence and position(s) with us.

Name and province or state and country of residence	The position with the Company	Executive since	Principal occupation for the past five years	Number and % of Common Shares held in the Company
Karen Hersh Ontario, Canada	Chief Financial Officer and Corporate Secretary	August 10, 2020	See the detailed description below.	Nil

Biographies

The following are brief profiles of the current directors and executive officers of the Company, including a description of their principal occupation within the past five years.

Directors

Martin Cronin, Director

Mr. Cronin is an expert in the areas of counter-terrorism, conflict resolution, and government and corporate interface. He has extensive experience in high-intensity conflict environments. Before moving to the private sector, Mr. Cronin was British Consul-General to Western Canada, based in Vancouver, British Columbia. His career includes over twenty years of experience in the field of international diplomacy with the British Government, including postings in Yemen, Jordan, Sweden, Pakistan and Iraq. Mr. Cronin also served as Honorary Colonel of the British Columbia Dragoons (a Canadian Forces Primary Reserve Regiment), Regional Director of the Canadian Forces Liaison Council, a member of the Advisory Board of the Central Okanagan Economic Development Commission, and Member of the Advisory Board of International Yacht Training Worldwide. He is a frequent guest speaker on the Middle East and security issues. Mr. Cronin served as Chief Executive Officer of Patriot from 2016 to 2020.

John Gillies, Director

Mr. Gillies brings over thirty-three years of federal government experience, principally within the national and international security and intelligence environment. Mr. Gillies served as an Assistant Director with the Canadian Security Intelligence Service (“CSIS”) and as a member of the CSIS Senior Executive Committee. Past duties within CSIS include extensive experience in both counter-intelligence and counter-terrorism sectors in a variety of roles including as Director General, Counter Terrorism Division and Director General, BC Region during the 2010 Winter Olympic Games. During his tenure as the Chief Human Resources Officer (“CHRO”) for CSIS, Mr. Gillies also served as a member of the Board of Governors for Canada’s 10 Most Admired Corporate Cultures; sat as a board member for the National Capital CHRO Forum; and served as a member of the Conference Board of Canada’s Strategic Human Resource Management Council. Prior to joining the Canadian Security Intelligence Service, Mr. Gillies served as a police officer in the Royal Canadian Mounted Police (“RCMP”) which included service within the Drug Enforcement Section. He is a graduate of the University of Victoria and currently resides in the Lower Mainland of British Columbia. Mr. Gillies is currently the Chair of the Company's Compensation and Human Resources Committee.

Peter van der Gracht, Director

Mr. van der Gracht is a successful start-up veteran, with over thirty-five years of experience leading companies through multiple financings, operational build-outs, acquisitions, mergers and buy-outs. Mr. van der Gracht has in the past or is currently, chairman, director, consultant or investor of over twenty for-profit organizations. Mr. van der Gracht supports the following not-for-profit organizations, Entrepreneurship@UBC, a University of British Columbia seed-stage investment fund and program and Alacrity Foundation, a not-for-profit start-up foundation. In the past, Mr. van der Gracht supported two Federal Government activities. He was a member of the Science, Technology and Innovation Council and he was the Global Industry Advisor for Global Affairs Canada. Mr. van der Gracht holds a Master’s degree in Electrical Engineering from the University of British Columbia and is the recipient of multiple awards for entrepreneurship. Mr. van der Gracht is currently the Chair of the Company's Board of Directors.

Victoria Calvert, Director

Ms. Calvert has served on public, crown, and not-for-profit boards for over two decades. Prior to becoming a professor, she was engaged in corporate banking and corporate planning in the energy industry. She has extensive experience in stakeholder partnerships and sustainability policies and metrics, and has a consulting practice focusing on strategic growth through competitive positioning and alignment of organizational capacities to emergent opportunities. Ms. Calvert is director and the Chair of Governance of Heritage Board Society, and also serves as a director as well as a member of the governance committee and human resources and compensation committee of the board of AltaGas Ltd. Ms. Calvert is currently the Chair of the Company's Governance and Nomination Committee.

Bill Maginas, Director

As the former President of Johnson Controls Canada, Mr. Maginas brings a great deal of industry expertise to Patriot’s Board of Directors. Mr. Maginas is currently leading a portfolio business for Ironbridge Equity Partners as the CEO of Great Northern Insulation. He is an accomplished senior executive and thought leader, who has more than 20 years of success across the commercial building, construction, technology, security, energy, and environmental solutions industries. His broad areas of expertise include business process improvement, change management, growth and strategy. Through his career, Mr. Maginas has held various leadership positions with Johnson Controls and Honeywell.

Lea M. Ray, Director

Ms. Ray is a certified director (ICD.D) of the Institute of Corporate Directors and is a Chartered Professional Accountant. She holds a Bachelor of Commerce Degree from the Odette School of Business, University of Windsor. Lea has served as the Chair, Vice-chair, Lead Independent Director and Audit Committee Chair on a variety of publicly-listed (TSX), public sector and non-profit entities. She has held the position of Vice-President, Corporate Finance, for Warner Bros. Entertainment Canada Inc. and is a former member of the Professional Conduct Committee of the Chartered Professional Accountants (Ontario). Ms. Ray is currently the Chair of the Company's Audit Committee.

Peter Evans, Chief Executive Officer and Director

Mr. Evans has 25 years of experience with venture capital, private equity, and public enterprise companies. He has successfully served as CEO, COO, CMO, and other executive leadership roles in leading sales and strategic partnerships. As a high-tech CEO, Mr. Evans has demonstrated repeated success in driving revenue growth and accelerated profitability, by delivering innovative solutions to target markets. He has worked with aggressive Venture-backed start-ups, and large-scale, global Fortune 500 brands leading organizations' digital transformation and innovation activities for customers in the Telecom, Cloud, SaaS, and Cybersecurity industries. Mr. Evans is a noted public spokesperson, and has led the acquisition of three private companies, and participated in the acquisitions of two publicly traded companies.

Executive Officers

Karen Hersh, Chief Financial Officer and Corporate Secretary

Ms. Hersh has experience across a broad spectrum of finance activities including financial reporting, strategic planning and corporate finance, including mergers and acquisitions. She has held several senior leadership roles, most recently as the CFO for a global private equity company focused on cybersecurity technologies where she was responsible for mergers and acquisitions, financial reporting, and portfolio management. Prior to this role, Ms. Hersh held the positions of CFO at VIQ Solutions Inc. (TSXV: VQS) and Vice President of Corporate Finance & Investment Banking at PricewaterhouseCoopers LLP. Ms. Hersh holds a Bachelor of Commerce from McGill University and is a Chartered Professional Accountant (CPA, CA).

Audit Committee

The Audit Committee of the Board is a committee established for the purpose of overseeing the accounting and financial reporting processes of the Company and the annual external audit of the financial statements. All members of the Audit Committee are independent, financially literate and have accounting or related financial expertise based on criteria in accordance with NI 52-110. The mandate and responsibilities of the Audit Committee can also be found in the Audit Committee Charter on the Company's website at <https://patriot1tech.com/about/governance/>. The Audit Committee Charter was most recently updated by the Company on December 9, 2020. The Audit Committee is composed entirely of independent directors (in accordance with National Instrument 52-110 *Audit Committees*). The current members of the Audit Committee are Lea M. Ray, John Gillies, and Bill Maginas.

CEO Leadership and Succession Planning

The Board ensures that the Company has proper plans in place for an orderly succession of management.

On November 9, 2020, the Company announced the appointment of Peter Evans as Chief Executive Officer, effective on Monday, November 16, 2020. Mr. Evans succeeds Martin Cronin who will remain on as a director of the Company. Mr. Evans brings strong expertise working with venture-backed and public companies in executive leadership, operations and board roles, and has a proven track record in revenue growth for early-stage technology organizations.

On August 10, 2020, the Company announced the appointment of Karen Hersh as its Chief Financial Officer and Corporate Secretary. Ms. Hersh's hands-on experience in financial planning and reporting, corporate governance, business development, and operations for start-up and growth-stage technology companies will be leveraged for overseeing all financial aspects of the Company while supporting the Board. Her experience will also be instrumental in the commercial deployment of the Company's PATSCAN Platform, corporate development initiatives and capital markets.

Cease Trade Orders and Bankruptcies

None of our directors or executive officers is, as at the date of this Annual Information Form, or has been within ten (10) years before the date of this Annual Information Form, a director, chief executive officer, or chief financial officer of any company (including us) that, while that person was acting in that capacity, or after that person ceased to act in such capacity but resulting from an event that occurred while that person was acting in such capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation in each case for more than 30 consecutive days.

None of our directors, or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company (i) is as at the date of this Annual Information Form, or has been within ten (10) years before the date of this Annual Information Form, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten (10) years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Penalties or Sanctions

None of our directors or executive officers, or to our knowledge, our Shareholders holding enough securities to affect materially the control of our Company, has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of our knowledge, there are no known existing or potential conflicts of interest between us and our directors, executive officers, or other members of management as a result of their outside business interest as at the date of this Annual Information Form. However, as certain of our directors and officers also serve as directors and officers of other companies, a conflict of interest may arise between their duties to us and their duties to such other companies.

Mr. Cronin, a current director of the Company, is also a director of Gemina Laboratories Ltd. ("**Gemina Labs**"), a publicly traded company on the Canadian Securities Exchange. The Company holds a small investment in Gemina Labs. To avoid any conflicts of interest, Mr. Cronin will recuse himself from any matters or decisions involving our investment in Gemina Labs.

PROMOTERS

No person will be or has been within the two (2) most recently completed financial years or during the current financial year, a promoter of Patriot.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company may be subject to certain contingent liabilities with respect to existing or potential claims, lawsuits, and other proceedings, including those involving tax, labor lawsuits and other matters. The Company will accrue liabilities when it is probable that future costs will be incurred, and such costs can be reasonably estimated.

As of the date of this Annual Information Form, the Company's management is not aware of any current or contemplated legal proceedings material to the Company to which it is a party or of which any of its property is the subject matter.

As of the date of this Annual Information Form, no penalties or sanctions have been imposed against the Company by a court or regulatory body and the Company did not enter into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, none of (i) the directors or executive officers of the Company, (ii) the Shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the voting securities of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this Annual Information Form or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries. See "Material Contracts".

Related Party Transactions

Patriot has not engaged in any material non-arm's length party transactions this fiscal year, other than those set out in the Patriot Financial Statements filed on October 21, 2021.

TRANSFER AGENT, REGISTRAR, AND WARRANT AGENT

The transfer agent and registrar for the Common Shares and warrants issued by the Company is TSX Trust Company located at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1.

MATERIAL CONTRACTS

The following is a list of material contracts of Patriot and its subsidiaries, other than contracts entered in the ordinary course of business, entered by Patriot within the last financial year ended July 31, 2021, or before the last fiscal year if still in effect:

- (1) On December 10, 2018, Patriot entered into an agreement with Raytheon Canada Ltd. ("**Raytheon**") wherein Raytheon agreed to fund Patriot with \$3,000,000 of non-dilutive cash financing for further development of Patriot's concealed weapons detection technology (the "**Project**"). The Project has been approved as a qualifying project under the Government of Canada's Industrial and Technological Benefits program, administered by Innovation Science and Economic Development Canada. Pursuant to the terms of the agreement, the Company has received \$2,000,000 in funding to date and is eligible to receive an additional \$1,000,000 based on research and development performed in the calendar year ended December 31, 2020.
- (2) On January 22, 2019, Patriot entered into a binding operating agreement with NanoBio Detection Systems LLC ("**NanoBio**") in respect of the creation of the Sotech joint venture to commercialize a technology for the stand-off detection of explosives and other threats such as chemical and biological agents as well as illicit narcotics. In consideration of the grant of an exclusive technology license to Sotech, Patriot would pay NanoBio up to USD \$3 million as follows: (i) USD \$1 million following the execution of the agreement (paid), (ii) USD \$1 million on or before March 2, 2019 (paid); and (iii) USD \$1 million upon the completion by Sotech of transactions resulting in an injection of non-debt working capital (revenue) of greater than USD \$1 million. Patriot will finance the initial research and product development expenses subject to board approvals and a mutually agreed option whereby NanoBio may increase its interest in the joint venture up to 70% within 18 months of the effective date of the agreement in consideration of payment to Patriot equal to 100% of all development expenses to date. If exercised, all future financing obligations between Patriot and NanoBio would be on a pro-rata (30%/70%, respectively) basis. Pursuant to the agreement, Sotech will pay two net profit royalties, one to NanoBio in the amount of 20% and one to the University of Texas in the amount of 2.5%. The Company currently owns a 49% interest in Sotech with NanoBio owning the remaining 51% interest. On September 14, 2020, the Company entered into a membership interest purchase agreement with NanoBio to sell its 49% interest in Sotech for USD \$3 million with a closing date of October 31, 2020. The Company has been unsuccessful in collecting the USD \$3 million for its membership interest. Management will continue to take every possible measure to recover the Company's investment in Sotech.

- (3) On July 25, 2019, Patriot completed an exclusive global commercial licensing agreement for intellectual property with Quasar of San Diego, California, to ensure the successful deployment of the PATSCAN MSG. Under the terms of this agreement, Quasar has granted Patriot a perpetual, worldwide, exclusive, fully paid-up, transferable and irrevocable license (with a right of sublicense) to use Quasar's intellectual property to use, develop, modify, manufacture and sell covert threat detection technology in exchange for an aggregate cash consideration of USD \$5 million. The Quasar license includes access to patented sensor technology and patent-pending magnetic detection and security screening technology. Patriot also has the right to engage Quasar's development team to assist with future modifications to the technology, as well as manufacturing and implementation engineering.
- (4) On May 21, 2020, the Company was selected to receive up to \$4.5 million in co-investment capital from the Canadian Digital Technology Supercluster COVID-19 Program for the development and deployment of health and safety technologies to detect dangers before they become a threat to our communities. The agreement was executed on August 1, 2020. During the fiscal year ended July 31, 2021, the Company has claimed and received approximately \$2.9 million of co-investment funding under the agreement.

INTERESTS OF EXPERTS

The Patriot Financial Statements have been audited by Davidson & Company LLP, as set forth in their audit reports. Davidson & Company LLP is the independent auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for its most recent annual meeting of Shareholders that involved the election of directors. Further information relating to the Company may be found on SEDAR at www.sedar.com.

Additional financial information is provided in the Patriot Financial Statements and MD&A.

APPENDIX “A” GLOSSARY OF TERMS

“**Annual Information Form**” means this annual information form.

“**Board**” means the board of directors of the Company.

“**Common Shares**” means the common shares in the capital of the Company.

“**Deferred Share Unit**” means a Common Share of the Company redeemable to an individual on a specified date in the future.

“**IFRS**” means International Financial Reporting Standards.

“**MD&A**” means the management's discussion and analysis of the Company for the year ended July 31, 2021.

“**Patriot**” or the “**Company**” means Patriot One Technologies Inc.

“**Patriot Financial Statements**” means the audited annual consolidated financial statements of the Company as at and for the year ended July 31, 2021, together with the notes thereto and the auditors' report thereon.

“**Restricted Share Unit**” means a Common Share of the Company granted to an individual subject to specified restrictions.

“**Shareholders**” means the holders of Common Shares.

“**Stock Options**” means an options contract granted by the Company to purchase Common Shares of the Company at a stated price.