ILLUMISOFT LIGHTING CORP.
(formerly GSTAAD CAPITAL CORP.)

Management's Discussion and Analysis
For the Six Months Ended June 30, 2026

This Management's Discussion and Analysis ("MD&A") of Illumisoft Lighting Corp. (formerly GSTAAD Capital Corp.) (the "Company"), prepared as of August 31, 2026, should be read in conjunction with the condensed interim consolidated financial statements and the notes thereto for the six months ended June 30, 2026, which were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are expressed in Canadian dollars unless otherwise indicated.

Cautionary Statement Regarding Forward-Looking Information

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Description of Business and Company Overview

Corporate Information

Illumisoft Lighting Corp. (formerly Gstaad Capital Corp.) (the "Company" or "Illumisoft") was incorporated under the Business Corporations Act (British Columbia) on December 20, 2010 and was classified as a capital pool corporation as defined in the TSX Venture Exchange ("TSXV") Policy 2.4. The principal business of the Company was the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business (the "Qualifying Transaction" or "QT") subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. On April 21, 2026, the Company completed its Qualifying Transaction, and changed its name to Illumisoft Lighting Corp. The Company's common shares trade under the new name on the TSXV under the trading symbol "UVC". Effective August 19, 2026, the Company's shares commenced trading on the OTCQB Venture Market in the United States under the trading symbol FUVCF. The Company's primary office is located at Suite 2000 – 1111 West Georgia Street, Vancouver BC V6E 4G2.

Effective August 19, 2026, the Company appointed Ehsan Agahi, its current Executive Chairman, as the Chief Executive Officer ("CEO") of the Company to replace Brett Nicholds who moved from CEO to Senior Strategic Advisor and Director of the Company.

Qualifying Transaction

The Company entered into an amended and restated definitive amalgamation agreement dated February 2, 2026, with Claranova Technologies Inc. ("Claranova") and 1572485 B.C. Ltd. ("Gstaad Subco"), a wholly owned subsidiary of the Company, which was incorporated under the Business Corporations Act (British Columbia) (BCBCA) in January 2026. At the date of the agreement, each of the directors of the Company were shareholders of Claranova and Ehsan Agahi was a director of Claranova.

Claranova is a privately held British Columbia corporation that was formed by amalgamation of two previously existing B.C. corporations in July 2025. Claranova's headquarters are located in Vancouver, B.C. Claranova's wholly owned subsidiary, Illumisoft Lighting Canada Inc. ("Illumisoft Canada"), was incorporated under the laws of the Province of Ontario on July 23, 2021, and was acquired by Claranova in August, 2025. Illumisoft Canada has its operations in Ontario, and is engaged in the advanced design, manufacturing and deployment of high performance, energy-efficient and glare-control lighting systems for commercial and industrial applications. Illumisoft Canada produces and commercializes a Health Canada-approved upper-room germicidal ultraviolet

(GUV) product, a disinfection technology that neutralizes airborne pathogens using ultraviolet light in the upper portion of indoor spaces.

The amended agreement contemplated the proposed business combination between Illumisoft and Claranova to be conducted as a three-cornered amalgamation of Illumisoft, Gstaad Subco and Claranova (the "Arrangement") under the BCBCA, which transaction was intended to constitute the Company's qualifying transaction (within the meaning of Policy 2.4, Capital Pool Companies, of the TSX Venture Exchange).

On April 21, 2026, Illumisoft, Gstaad Subco and Claranova met all of the conditions precedent and completed the Arrangement. The Company also consolidated its common shares on a 5 for 1 basis. The outstanding common shares of Claranova were exchanged for an aggregate of 22,818,472 post consolidation common shares of the Company. The Company also issued a debenture in exchange for an outstanding debenture of Claranova in the principal amount of $333,333 that was repayable on May 4, 2026.

Concurrent with closing of the Arrangement, the Company issued (i) 3,540,000 stock options (the "Stock Options") to certain, directors, officers, employees and consultants and (ii) 425,390 share purchase warrants (the "Finder Warrants") to finders who introduced investors to the Company in respect of a concurrent financing. Other than 500,000 Stock Options which are exercisable for two years from issuance and vested immediately, the Stock Options are exercisable for a period of 10 years from the date of issuance and vest in equal quarterly amounts over 2 years. Both the Stock Options and Finder Warrants are each exercisable for one post consolidation common share at a price of $0.30 per common share.

The transaction constituted a reverse acquisition of the Company and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As Illumisoft did not qualify as a business according to the definition in IFRS 3, *Business Combination*, this reverse acquisition did not constitute a business combination; rather the transaction was accounted for as an asset acquisition for the net assets of Illumisoft and its public listing. Accordingly, the Arrangement has been accounted for at the fair value of the equity instruments granted by the shareholders of Claranova to the shareholders of Illumisoft. The sum of the fair value of the consideration paid (based on the fair value of the Claranova shares just prior to the reverse acquisition) less Illumisoft's net assets acquired, has been recognized as a listing expense in loss for the six months ended June 30, 2026.

For accounting purposes, Claranova was treated as the accounting parent company (legal subsidiary) and Illumisoft had been treated as the accounting subsidiary (legal parent) in the condensed interim consolidated financial statements. As Claranova was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in the condensed interim consolidated financial statements at their historical carrying value. The results of operations of Illumisoft are included in the condensed interim consolidated financial statements from the date of the reverse acquisition of April 21, 2026.

The Arrangement was measured at the fair value of the shares that Illumisoft would have had to issue to shareholders of the Company to give shareholders of Illumisoft the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Claranova acquiring Illumisoft. The fair value of the common shares was determined based on the Claranova share value and is considered as a significant estimate and judgement.

A listing fee of $852,800 has been charged to profit or loss as a listing expense to reflect the difference between the fair value of the amount paid (being 1,881,667 shares held by the original shareholders of Illumisoft valued at $0.30 per share) and the fair value of the net assets received from the Company in accordance with in IFRS 2 *Share-based Payment*.

In connection with the Arrangement, Illumisoft completed a concurrent financing of 21,473,250 subscription receipts ("Subscription Receipts") at $0.30 per Subscription Receipt for gross proceeds of $6,441,975, which was included in subscription receipts in its current liabilities. Upon completion of the Arrangement, the Subscription Receipts were automatically converted into shares of the Company.

In connection with the Arrangement, the Company incurred finder's fees of $157,500 and issued of 500,000 stock options to the finder with a fair value of $40,614, which are exercisable at $0.30 per share for a term of 2 years from the closing of the Arrangement. The fair value of the stock options warrants were estimated using the Black-Scholes option pricing model with the following assumptions: Expected life - 2 years, volatility – 44,.89%, risk-free rate – 2.84%, and dividend yield – 0%. In addition, the Company incurred legal fees in connection with the Arrangement of $47,108 which was recognized as a listing expense during the six months ended June 30, 2026.

Company Overview

Subsequent to the completion of the Company’s qualifying transaction, the principal business of the Company is the design, manufacturing and supply of commercial and architectural LED lighting products. The Illumisoft portfolio includes:

• Recessed and surface mounted commercial LED luminaires
• Panels and troffers for office and institutional environments
• Glare-controlled architectural fixtures designed to improve visual comfort
• Energy-efficient luminaires for retrofit and new build projects

Certain Illumisoft luminaires have been evaluated under DesignLights Consortium programs for performance, including glare control and energy efficiency. These characteristics support use in energy service company-driven retrofit programs and in workplace environments focused on occupant comfort.

The Company’s products are used in corporate offices, educational facilities, industrial buildings and public sector projects, and align with broader energy efficiency initiatives, including Government of Canada workplace modernization concepts.

In respect of its commercial lighting products, the Company completed development of (i) its ECOwing product in 2021 and (ii) its Dimensions centre basket product in 2022. Commercial sales of each product commenced upon completion of development.

In respect of its UV purification products, the Company (i) completed development of its Sanilume Upper Room GUV product in late 2022; and (ii) completed design of its Sanipod HEPA filter in 2023.

The Sanilume Upper Room GUV product was approved and registered with the Canadian Pest Management Regulatory Agency (“PMRA”) and Health Canada in 2025 and is currently being commercially sold. The commercial development of the Sanipod HEPA filter is ongoing.

On June 30, 2026, the Company announced that it has entered into a strategic product development engagement with Capgemini to advance product development, industrial design, engineering architecture, manufacturing readiness, and commercialization planning for the Sanilux 216 nanometre far ultraviolet C disinfection platform. SaniLux is Illumisoft's far UVC device platform, designed for potential continuous use germicidal applications in occupied public and commercial spaces. Far UVC light at 216 nanometres is a narrow band of the ultraviolet spectrum that published research suggests may inactivate airborne pathogens without the skin and eye hazards associated with conventional germicidal UV wavelengths.

<u>Amalgamation between TTSP and Claranova Technologies Inc. (formerly 1516962 B.C. Ltd.)</u>
On July 21, 2025, TTSP Holdings Ltd. (“TTSP”) and Claranova Technologies Inc. (formerly 1516962 B.C. Ltd.) merged and continued operations under the name Claranova Technologies Inc., both were private companies incorporated in the province of British Columbia, Canada. TTSP was deemed to be the accounting acquiror. TTSP shareholders received 5,866,663 common shares of the merged entity and Claranova Technologies Inc. (formerly 1516962 B.C. Ltd.) received 5,345,142 common shares of the merged entity. On the date of the merger, Claranova Technologies Inc. (formerly 1516962 B.C. Ltd.) only held cash, some specialty lab equipment and had liabilities. This transaction did not meet the definition of a business combination as the primary assets were only cash and lab equipment. The acquiree did not have an organized workforce or other substantive processes that would be capable of producing outputs. Consequently, the transaction was recorded as an acquisition of an asset in accordance with IFRS 2, *Share Based Payment*. The results of operations of Claranova Technologies Inc. (formerly 1516962 B.C. Ltd. are included in the consolidated financial statements since the date of acquisition.

<u>Acquisition of Illumisoft Lighting Canada Inc.</u>
On August 8, 2025, Claranova Technologies Inc. acquired 100% of the issued and outstanding shares of Illumisoft Lighting Canada Inc. (“Illumisoft”), a company incorporated under the laws of the Province of Ontario. Illumisoft shareholders and warrant holders received 6,700,000 common shares of Claranova Technologes Inc. in exchange for all of the issued and outstanding shares of Illumisoft and Illumisoft warrant holders received 2,350,000 warrants for all of the issued and outstanding warrants of Illumisoft on the date of closing. The warrants were issued in replacement of existing warrants and the terms and conditions remained the same. Claranova Technologies Inc. purchased Illumisoft because it was an established business with manufacturing infrastructure and operational capabilities. Illumisoft has two main product lines ECOWing LED and SaniLume along with established revenue and customer relationships. It has 17 patents and is also DesignLights Consortium ranked. The SaniLume upper room germicidal ultraviolet devices are Health Canada registered and University of Leeds validated. The acquisition was accounted for as a business acquisition under IFRS 3.

Financial

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	June 30, 2026 $	March 31, 2026 $	December 31, 2025 $	September 30, 2025 $
Total revenues	85,503	177,246	238,647	295,500
Net income (loss)	(2,240,811)	(465,450)	(710,561)	(459,967)
Net income (loss) per share, basic and diluted	(0.05)	(0.02)	(0.04)	(0.06)
	June 30, 2025 $	**March 31, 2025 $**	**December 31, 2024 $**	**September 30, 2024 $**
Total revenues	–	–	–	–
Net income (loss)	(31,999)	(36,859)	(34,526)	(1,740)
Net income (loss) per share, basic and diluted	(0.04)	(6,143)	(5,754)	(290)

The variances of revenues and net income (loss) between quarters are primarily driven by the Company's revenue model, which relies on third-party agencies to generate sales. This model typically results in fewer, higher-value orders rather than a steady stream of smaller transactions. These larger orders can take time to secure due to the sales cycle and may also require additional time to produce and deliver. Accordingly, the timing of securing and fulfilling large orders can lead to significant variability in revenue between quarters.

Additionally, the decline in revenue over the past 2 quarters was directly attributable to the redirection of internal resources toward completing the qualifying transaction and the work required to list on the TSX Venture Exchange. Additionally, during the three and six months ended June 30, 2026, the Company incurred a gross loss of $67,426 and $157,638, respectively. This gross loss was primarily as a result of the decline in revenue while still incurring salaries and wages for the production employees.

The significant increase in net loss for the three months ended June 30, 2026, was primarily attributable to the listing expense of $1,098,022 incurred in connection with the acquisition of Illumisoft, as well as increases in management fees, research and development, transfer agent and filing fees and share-based compensation. These increases were primarily attributable to the acquisition of Illumisoft and its public company listing, and to costs incurred in connection with maintaining its public company listing status.

Liquidity and Capital Resources

As at June 30, 2026, the Company had cash on hand of $3,428,954 (December 31, 2025 - $27,639) and a working capital of $2,956,319 (December 31, 2025 – working capital deficit of $1,511,173). During the six months ended June 30, 2026, the Company's overall position of cash increased by $3,401,315. This increase was primarily attributable to cash acquired upon amalgamation with Illumisoft of $6,423,167, offset by cash used in operating activities of $1,820,736 and cash used in financing activities of $1,201,116.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Capital Management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. The Company defines capital as total shareholders' equity and debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares through equity offerings or acquire/dispose of assets. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the six months ended June 30, 2026.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions With Related Parties

Amounts due to related parties

		June 30, 2026		December 31, 2025
Officers and directors	**$**	**122,366**	$	154,161
Company controlled by officers and directors		**60,000**		622,565
	$	**182,366**	$	776,726

Amounts due to officers and directors include related party loans with a principal of $33,314 (December 31, 2025 - $117,650) which are unsecured, bear interest at 5% per annum on the principal balance outstanding and are due on demand.

Related party loans in the amount of $60,000 (December 31, 2025 - $622,565) relating to amounts due to a company under the control of certain officers and directors, are unsecured, bear interest at 12% per annum on the principal balance outstanding and are due on demand. During the six months ended June 30, 2026, the Company recognized accrued interest of $17,236, and repaid principal and accrued interest of $579,801. Illumisoft Canada and the lender have a general security agreement with Illumisoft Canada's accounts receivable, inventory, equipment, and other assets pledged as collateral.

All other amounts due to related parties are unsecured, non-interest bearing and due on demand.

Key management compensation

Key management personnel consist of Directors and Officers of the Company. The following table reflects compensation of key management personnel during the six months ended June 30:

		June 30, 2026		June 30, 2025
Management fees	**$**	**228,086**	$	–
Salaries and benefits		**–**		66,236
Share-based compensation		**91,976**		–
	$	**320,062**	$	66,236

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, accounts receivable, sales tax recoverable, notes receivable, accounts payable and accrued liabilities, due to related parties, and loans payable. All financial instruments are classified as amortized cost. The fair value of these financial instruments approximates their carrying value due to their short-term nature except for loans payable where the fair value approximates its carrying value due to being subject to market rate interest.

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk and liquidity risk. The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows. The most significant financial risks to which the Company is exposed are described below.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for its accounts receivable. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. A customer is considered to be in default when the accounts receivable ages beyond 30 days. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

It is management's opinion that the Company is not exposed to significant credit risk. The Company's financial assets exposed to credit risk are cash and accounts receivables and maximum exposure is equal to the carrying values of these assets, totaling $3,507,464 at June 30, 2026 (December 31, 2025 – $154,870). Credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Accounts receivables consist of amounts due from a small number of customers within Canada. Credit risk is mitigated by requiring significant customers to prepay for their purchase.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Concentration of credit risk

Concentration of credit risk is the risk of reliance upon a select number of customers which significantly impact the financial performance of the Company. The Company recorded sales from 3 customers of the Company representing 100% (2025 – 0%) of total revenue during the six months ended June 30, 2026. Of the Company's trade receivables outstanding at June 30, 2026 and December 31, 2025, 100% and 93% are held with 3 customers of the Company, respectively.

Interest risk

Interest risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its loans payable and amounts due to related parties. This risk is immaterial as at June 30, 2026, and December 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash inflows and outflows in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. There has been no change to management's assessment of liquidity risk compared with the prior year.

The Company has financial liabilities of $2,307,722 (December 31, 2025 – $3,106,765) of which $1,306,871 (December 31, 2025 – $2,106,113) are due within 1 year.

	Due within 1 year	Due within 2-5 years	After 5 years	Total
Accounts payable and accrued liabilities	$ 806,796	$ –	$ –	$ 806,796
Due to related parties	182,366	–	–	182,366
Loans payable	205,943	–	–	205,943
Lease liability (undiscounted)	111,766	778,177	222,675	1,112,617
Total	$ 1,306,871	$ 778,177	$ 222,675	$ 2,307,722

Accounting Standards Issued But Not Yet Effective

The Company is currently evaluating the impact of the following amendments on its condensed interim consolidated financial statements.

<u>*Presentation and Disclosure in Financial Statements (IFRS 18)*</u>

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. The new standard replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

Significant Accounting Estimates and Judgments

The Company's financial statements are prepared in accordance with IFRS recognition and measurement principles that often require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as management believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

<u>Estimates</u>

Information about estimates and judgments that have the most material effect on the recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Inventory costing

Management is required to make estimates in determining the amount of overhead to allocate to inventory.

Valuation adjustments for inventory

The Company records valuation adjustments for inventory by comparing the inventory cost to its net realizable value. This process requires the use of estimates and assumptions related to future market demand, costs and prices. These adjustments are reviewed on an ongoing basis and may have a significant impact on any valuation adjustment for inventory.

Valuation of warrants issued

The fair value of warrants granted is determined at the issue date using the Black-Scholes option pricing model. The Black-Scholes model involves six key inputs to determine the fair value of an option, which are: risk-free interest rate, exercise price, market price at the grant date, expected dividend yield, expected life, and expected volatility. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control.

Valuation of consideration shares in reverse acquisition

The value of the consideration shares in the reverse acquisition was measured at the fair value of the shares that Illumisoft would have had to issue to shareholders of the Company to give shareholders of Illumisoft the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Claranova acquiring Illumisoft. The fair value of the common shares was determined based on the Claranova share value.

<u>Material management judgments</u>

The following are material management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

SR&ED recognition

Management recognized SR&ED credits in income when they are measurable and collection is reasonably assured.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Business Combinations

Judgment is required to identify assets acquired in a business combination. Significant estimates and assumptions are required to determine the purchase price allocation, including the valuation of intangible assets acquired. Initial recognition of the fair value of deferred tax liabilities or assessment of probability to recognize deferred tax assets requires judgment. Changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill (or gain on acquisition resulting from a bargain purchase) in the acquisition equation.

Disclosure of Outstanding Share Data

Authorized share capital consists of unlimited number of common shares without par value.

As at June 30, 2026, and the date of this MD&A, the Company had 46,173,389 common shares issued and outstanding.

As at June 30, 2026, and the date of this MD&A, the Company had 3,540,000 stock options outstanding.

As at June 30, 2026, and the date of this MD&A, the Company had 425,390 share purchase warrants outstanding.

Purchase Commitment

Illumisoft entered into a purchase commitment in the amount of $60,600 to purchase driver component parts by October 18, 2026.

Risks and Uncertainties

Financing Risks. The Company will be dependent on raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Key Personnel Risks. The Company's efforts are dependent to a large degree on the skills and experience of certain of its key personnel, including the board of directors. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

General Business Risk and Liability. Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risk facing the Company, its directors, officers and employees in this respect include potential liability for violations of securities laws, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

Competition. There is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better- financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company. To remain competitive, the Company will require a continued level of investment in 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.

Regulation. The Company's operations are subjected to various laws, regulations and guidelines by governmental authorities, relating to the manufacturing, marketing, management, transportation, storage, sale, and pricing, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect in the business, results of operations and financial condition of the Company. Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

OTHER INFORMATION

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