RenoWorks Software Inc. Management's Financial Discussion and Analysis (November 23, 2022)

This management discussion and analysis ("**MD&A**") of RenoWorks Software Inc.'s (referred to in this discussion as "**RenoWorks**" or the "**Company**") financial condition and results of operations focuses on key statistics from its financial statements for the three and nine-months ended September 30, 2022 and pertains to known risks and uncertainties relating to its business. The following discussion and analysis should be read in conjunction with the three and nine-months ended September 30, 2022 financial statements and accompanying notes thereto. Additional information about the Company can be obtained at www.sedar.com.

Special Note Regarding Forward-Looking Information and Statements

This MD&A offers our assessment of RenoWorks' future plans and operations and contains forward-looking statements as defined under applicable Canadian securities legislation including our sensitivity to technological obsolescence referred to under Research and Development on page 3, our sensitivity to the change in the value of the Canadian dollar versus the US dollar referred to under Foreign Exchange on page 4, capital expenditure projections included in investing activities on page 7, our sensitivity to changes in building products industry market conditions referred to under Cyclicality in the Construction and Renovation Industries on page 11, and our dependence upon adoption of technology in the building products industry referred to under Dependence on the Adoption of Computers in the Construction Industry on page 11. These forward-looking statements typically contain the words "anticipate," "believe," "estimate," "intend," "expect," "may," "will," "should," "potential", "plan" or other similar terms.

Readers are cautioned that our expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this MD&A, we have made the following key assumptions:

- our sensitivity to the change in the value of the Canadian dollar versus the US dollar was based on our forecast of sales in US dollars as well as the exchange rate for the Canadian dollar similar to the current market rate;
- our reliance on positive market conditions in both the remodelling and new home construction industries in both the US and Canada was based on our current strategic plan;
- our reliance on positive adoption of technology was based on our current strategic plan.

Certain statements, other than statements of historical fact, are forward-looking information that involves various risks and uncertainties. Such statements relating to, among other things, the prospects for the Company to enhance operating results, the ability of the Company to find customers for its 3D model and measurement solutions, the ability of the Company to find suppliers of aerial measurement data and its ability to successfully integrate such data into the Company's technology platform, are necessarily subject to risks and uncertainties, which are significant in scope and nature.

Our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur or, if any of these events do occur, what benefits or costs we will derive from these events. By their nature, forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the impact of general economic conditions, changing domestic industry conditions, currency fluctuations, interest rates, competition from other industry participants (including new entrants), stock-market volatility, the ability to access sufficient capital from internal and external sources and additional risk factors discussed in other documents we file from time to time with securities regulatory authorities, which are available through the Internet on SEDAR at www.sedar.com or, upon request, without charge from us.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Our assumptions relating to the forward-looking statements referred to above are updated quarterly and, except as required by law, we do not undertake to update any other forward-looking statements.

Throughout this document, reference is made to "working capital" and "Adjusted EBITDA", which are non-IFRS measures. Management believes that working capital, defined as current assets less current liabilities, is an indicator of the Company's liquidity and its ability to meet its current obligations. Management believes that Adjusted EBITDA, which normalizes earnings to exclude certain amounts, is a useful measure for comparing results from one period to another. Readers are cautioned that these non-IFRS measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-IFRS measures as an alternative to financial measures calculated in accordance with International Financial Reporting Standards ("**IFRS**").

Company Overview

RenoWorks has developed and distributes digital visualization software for the renovation and new home construction industry. Its sales and marketing efforts are presently focused on the United States and Canada.

For the nine months ending September 30, 2022, the revenue increased from the same period ending in 2021. This is primarily due to a 12% increase in design service revenues Libraries revenue increased by 22% and implementation revenue increased by 18% as compared to 2021. The increased net loss for the nine months ended in 2022 compared to the net loss for the nine months ended in 2021 is primarily attributed to investments made building a software platform to facilitate software and content as a service to the North American remodel industry. The Company continues to invest in areas including artificial intelligence ("**AI**"), data science, contractor offerings and general platform functionality to facilitate our vision and continues to work on other arrangements with strategic importance.

Results of Operations for the nine-months ended September 30

	2022	2021
Revenue	$4,740,321	$4,294,423
Net Loss	$615,185	$248,334

Revenue

For the nine-months ended September 30, 2022 the Company earned aggregate revenues of $4,740,321 comprised of $2,490,189 from design services, $1,396,519 from licensing and hosting, $515,802 for libraries, and $337,811 from implementation fees. This is an increase of $445,898 from the $4,294,423 revenues earned in the nine-months ended September 30, 2021 comprised of $2,226,569 from design services, $1,358,833 from licensing and hosting, $422,911 from libraries and $286,110 from implementation fees. The increased revenue is primarily attributable to an increase in design service revenue of 12% in 2022 compared to 2021. For the nine months ended September 30, 2022, 35%, (2021 - 39%) of the revenue was from one customer.

Net Income/Loss

The Company's net loss for the nine-months ended Sep 30, 2022 was $615,185, an increased loss of $366,851 compared to net loss of $248,334 for the nine-months ended September 30, 2021. The increased loss is primarily attributable to increased research and development expenses of $461,566 as the Company continues to add additional resources to further its data science, AI offering, and platform functionality. Net general and administrative costs increased $353,892 primarily due to increased personnel costs and sales and marketing costs. The Company has invested in activities to capitalize on opportunities to market both AI and data science offerings to the North American remodel industry.

Adjusted EBITDA

This non-GAAP measure does not have a standardized meaning which may limit comparability. The Company calculates adjusted EBITDA as follows:

	2022	2021
Net Loss	($615,185)	($248,334)
Add:		
Depreciation	$70,507	$72,102
Net finance expense	$1,148	$24,834
Stock-based compensation	$129,968	$46,768
Adjusted EBITDA	($413,562)	($104,630)

The Company's Adjusted EBITDA for the nine-months ended September 30, 2022 was a negative $413,562, a decrease of $308,932 compared to a negative Adjusted EBITDA of $104,630 for the nine-months ended in 2021, primarily attributable to increased net loss.

Expenditures

Cost of sales and gross margin

	2022	2021
Salaries	$879,126	$764,047
External third-party costs	$813,556	$827,665
Total cost of sales	$1,692,682	$1,591,712

Cost of sales for the nine-months ended September 30, 2022 totaled $1,692,682 yielding a gross margin of 64% on revenues compared to a total of $1,591,712 yielding a gross margin of 63% in the nine-months ended September 30, 2021. The increase in gross margin percentage can be primarily attributed to fluctuations in the Canadian dollar. The increased strength in the United States dollar contributed to higher gross margins as a high proportion of design service revenue is denominated in the United States dollar. Cost of sales includes costs of photography of exterior building products, commissions, credit card processing fees, contractor fees, production costs of retail software, and an allocation of certain internal employees' direct time incurred on provision of implementation services.

Research and development

Research and development costs of $1,171,675 for the nine-months ended September 30, 2022 increased $461,566 compared to $710,109 incurred in the nine-months ended September 30, 2021. Actual research and development costs for 2022 are $1,177,318, which were reduced by $5,643 which reflects the amount of costs allocated from the Alberta Innovates Technology grant during the fiscal year. Actual research and development costs for 2021 were $802,439, which were reduced by $92,330, which reflects the amount of costs allocated from the Alberta Innovates Technology grant during the fiscal year. The increase in R & D investment in 2022 is attributable to a continued focus of building a software platform that can facilitate software and content as a service to the North American remodel industry. We continue to invest in areas including AI, data science, contractor offerings and general platform functionality to facilitate our vision. The Company maintains its commitment to invest into its software development activities in the 2022 fiscal year. The Company's management believes that significant expenditures will be required long-term on an ongoing basis in order to minimize technological obsolescence risk and to accelerate customer acceptance and adoption of the digital visualization products. It is management's belief that as revenues are earned from existing commercially-available products, that such revenues will be a significant source of funding for incremental product research and development expenditures.

Selling, general and administration

	2022	2021
Salaries and wages	$1,155.835	$1,045,149
Government grants	$(67,066)	$(7,500)
Office and rent	$467,347	$434,326
Sales and marketing	$458,750	$336,206
Professional fees	$217,406	$132,711
Other general and administrative	$59,483	$77,793
Share-based compensation	$129,968	$46,767
Training and development	$43,971	$44,754
Depreciation	$70,507	$72,103
Total general and administration	$2,536,201	$2,182,309

Selling, general and administration costs of $2,536,201 for the nine-months ended September 30, 2022 increased $353,892 compared to $2,182,309 incurred in the nine-months ended Sep 30, 2021, primarily attributable to increased sales and marketing costs as well as increased personnel costs including share-based compensation, staff development and training programs. During the nine months ended September 30, 2022, the Company received $33,750 (2021 -

nil) of funding from the Industry Commercialization Associates program funded by Alberta Innovates as well as $27,316 from the Alberta Innovates Technology grant. The Company also received $6,000 (2021 – nil) from the Alberta Jobs Now Program. During the nine months ended September 30, 2021 the Company received $7,500 from the Southern Alberta Institute of Technology Employee Practicum Agreement. The Company is facing increased competition for talent and could potentially experience higher labor, recruiting or training costs in order to attract and retain necessary employees.

Foreign exchange

The Company experienced foreign exchange gains of $46,200 in the nine-months ended September 30, 2022 compared to exchange losses of $33,793 for the comparable period in 2021 as a result of the exchange movement between the Canadian and United States dollars. Expenses for the nine-months ended September 30, 2022 and 2021 include both United States and Canadian dollar-denominated expenditures. To the extent that the Canadian dollar strengthens against the United States dollar, expenses incurred in United States dollars will be recorded at a lower Canadian dollar equivalent on translation. The majority of the 2022 and 2021 revenues were received in United States dollars. As the Canadian dollar strengthens against the United States dollar, sales made in United States dollars are recorded at a lower Canadian dollar amount upon translation. It is anticipated that a substantial amount of the Company's future revenues will continue to be denominated in United States dollars. Movements in exchange rates may have a significant impact on financial results. The Company bills its United States customers in United States dollars, collects in United States dollars, holds deposits in United States dollars and converts cash into Canadian dollars as it deems appropriate. Timing differences on recording and collection of United States dollars versus conversion to Canadian dollars can result in exchange gains or losses on all monetary items including accounts receivable. To the extent the Company maintains United States dollar cash and other working capital balances, it is exposed to foreign exchange risk.

Results of Operations for the three-months ended September 30, 2022

	2022	2021
Revenue	$1,653,445	$1,394,987
Net Loss	$225,110	$157,434

Revenue

For the three-months ended September 30, 2022 the Company earned aggregate revenues of $1,653,445 comprised of $830,812 from design services, $476,915 from licensing and hosting, $237,489 for libraries, and $108,229 from implementation fees. This is an increase of $258,458 from the $1,394,987 revenues earned in the three-months ended September 30, 2021 comprised of $709,092 from design services, $454,329 from licensing and hosting, $133,236 from libraries, and $98,330 from implementation fees. The increased revenue is primarily attributable to increased design services revenue of 17% . The Company experienced higher demand for design services in the third quarter as compared to the same period in 2021. For the three-months ended September 30, 2022, 31%, (2021 - 37%) of the revenue was from one major customer.

Net Income/Loss

The Company's net loss for the three-months ended September 30, 2022 was $225,110, an increased loss of $67,676 compared to net loss of $157,434 for the three-months ended September 30, 2021. The increased loss is primarily attributable to both increased research and development and increased net general and administrative costs as the Company added additional resources to further its data science, contractor offering and AI offerings as well as increasing salaries to current staff to remain competitive in the market.

Adjusted EBITDA

This non-GAAP measure does not have a standardized meaning which may limit comparability. The Company calculates adjusted EBITDA as follows:

	2022	2021
Net Income/(Loss)	($225,110)	($157,434)

Add:		
Depreciation	$23,437	$24,134
Net finance expense	($3,700)	$6,504
Stock-based compensation	$44,760	$15,589
Adjusted EBITDA	($160,613)	($111,207)

The Company's Adjusted EBITDA for the three-months ended September 30, 2022 was a negative $160,613, a decrease of $49,406 compared to a negative Adjusted EBITDA of $111,207 for the three-months ended in 2021, primarily attributable to increased net loss.

Expenditures

Cost of sales and gross margin

	2022	2021
Salaries	$331,763	$274,277
External third-party costs	$277,288	$259,744
Total cost of sales	$609,051	$534,021

Cost of sales for the three-months ended September 30, 2022 totaled $609,051 yielding a gross margin of 63% on revenues compared to a total of $534,021 yielding a gross margin of 62% in the three-months ended September 30, 2021. Cost of sales includes costs of photography of exterior building products, commissions, credit card processing fees, contractor fees, production costs of retail software, and an allocation of certain internal employees' direct time incurred on provision of implementation services.

Research and development

Research and development costs of $398,459 for the three-months ended September 30, 2022 increased $137,005 compared to $261,454 incurred in the three-months ended September 30, 2021. Actual research and development costs for the three months ended September 30, 2021 were $295,840, which were reduced by $34,386, which reflects the amount of costs allocated from the Alberta Innovates Technology grant during the fiscal quarter. The increase in R & D investment is attributable to a continued focus on building a software platform that can facilitate software and content as a service to the North American remodel industry. We continue to see opportunities to make significant impacts in facilitating changes in how the industry operates and as such are investing in areas including AI, data science, contractor offering and general platform functionality to facilitate our vision. The Company maintains its commitment to invest into its software development activities this fiscal year. The Company's management believes that significant expenditures will be required long-term on an ongoing basis in order to minimize technological obsolescence risk and to accelerate customer acceptance and adoption of the digital visualization products. It is management's belief that as revenues are earned from existing commercially-available products, that such revenues will be a significant source of funding for incremental product research and development expenditures.

Selling, general and administration

	2022	2021
Salaries and wages	$410,821	$345,994
Government grants	($11,250)	($0)
Office and rent	$166,970	$159,383
Sales and marketing	$151,191	$106,577
Professional fees	$71,240	$57,173
Other general and administrative	$24,166	$38,959
Share-based compensation	$44,760	$15,589
Training and development	$15,230	$42,717
Depreciation	$23,694	$24,134
Total general and administration	$896,822	$790,526

Selling, general and administration costs of $896,822 for the three-months ended September 30, 2022 increased $106,296 compared to $790,526 incurred in the three-months ended September 30, 2021, primarily attributable to increased salaries and wages, sales and marketing costs, and share-based compensation. During the three months ended September 30, 2022 the Company received $11,250 (2021 - $0) of funding from the Industry Commercialization Associates program funded by Alberta Innovates. The Company is facing increased competition for talent and could potentially experience higher labor, recruiting or training costs in order to attract and retain necessary employees.

Foreign exchange

The Company experienced foreign exchange gains of $22,077 in the three-months ended September 30, 2022 compared to exchange gain of $40,084 for the three-months ended 2021 as a result of the exchange movement between the Canadian and United States dollars. Expenses for the three-months ended September 30, 2022 and 2021 include both United States and Canadian dollar-denominated expenditures. To the extent that the Canadian dollar strengthens against the United States dollar, expenses incurred in United States dollars will be recorded at a lower Canadian dollar equivalent on translation. The majority of the 2022 and 2021 revenues were received in United States dollars. As the Canadian dollar strengthens against the United States dollar, sales made in United States dollars are recorded at a lower Canadian dollar amount upon translation. It is anticipated that a substantial amount of the Company's future revenues will continue to be denominated in United States dollars. Movements in exchange rates may have a significant impact on financial results. The Company bills its United States customers in United States dollars, collects in United States dollars, holds deposits in United States dollars and converts cash into Canadian dollars as it deems appropriate. Timing differences on recording and collection of United States dollars versus conversion to Canadian dollars can result in exchange gains or losses on all monetary items including accounts receivable. To the extent the Company maintains United States dollar cash and other working capital balances, it is exposed to foreign exchange risk.

Liquidity and Capital Resources

	September 30, 2022	Dec 31, 2021
Total Assets	$2,453,737	$2,214,085
Total Long-Term Liabilities	$179,891	$212,053

Total Assets

Total Assets were $2,453,737 as at September 30, 2022, an increase of $239,652 compared to $2,214,085 as at December 31, 2021. The increase is primarily due to increased trade and other receivables of $471,012.

Total Long-Term Liabilities

The Company's long-term liabilities decreased to $179,891 as at September 30, 2022 compared to $212,053 at December 31, 2021. The decrease is attributable to decreases in deferred revenue balances.

Cash and Working Capital

The Company's cash at September 30, 2022 was $1,000,437 compared to cash of $1,189,346 at December 31, 2021, a decrease of $188,909.

The Company's working capital at September 30, 2022 was $870,099 compared to a working capital of $470,642 at December 31, 2021 an increase of $399,457 primarily due to trade and other receivables. Current assets increased by $351,886 due primarily to increased trade and other receivable. Current liabilities decreased by $47,571 primarily due to a decrease in lease liability balance.

	Sep 30, 2022	Dec 31, 2021
Total Current Assets	$ 2,252,784	$ 1,900,898
Total Current Liabilities	$ 1,382,685	$ 1,430,256
Working Capital	$ 870,099	$ 470,642

Cash Flow From Operations

During the nine-months ended September 30, 2022 the Company realized a cash outflow from operations of $897,267, a decrease of $1,190,344 from the $293,077 of cash inflow from operations in the nine-months ended September 30, 2021. The decrease in cash inflow from operations is primarily attributable to increased net loss and changes in deferred revenue balances as well as changes in trade and other receivable balances.

Financing Activities

During the nine-months ended September 30, 2022 the Company had cash inflow from financing activities of $729,495, a $73,654 increase from the cash inflow from financing activities of $655,841 for the nine-months ended September 30, 2021. The increase is primarily attributable to the Company completing a Private Placement in 2022.

On April 20, 2022 the Company closed a non-brokered private placement issuing 1,610,000 units at a price of $0.50 per unit for aggregate gross proceeds of $805,000. Finance costs totaled $20,398 for net proceeds of $784,602. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.60 per common share up to eighteen months following the closing date of the Private Placement.

The Company issued warrants via a private placement on June 28, 2019. During the nine months ended September 30, 2021 a total of 1,458,795 warrants were exercised and the Company received proceeds of $583,518.

The Company received proceeds of $20,000 from the exercise of share options by employees and directors during the nine months ended September 30, 2022 (2021 - $181,333).

Investing Activities

During the nine-months ended September 30, 2022 the Company purchased capital assets of $21,137, a decrease of $17,448 compared to purchases of $38,585 during the same period ending September 30, 2021. The Company estimates it will have capital expenditures of approximately $50,000 during 2022, with any requirement for expenditures dependent upon customer requirements and revenue generation as well as personnel staffing and software development needs. Without additional financing or increased revenues, the Company may defer or limit its purchase of capital assets.

Outstanding Shares

At September 30, 2022, there were 40,662,635 common shares outstanding. In addition, 3,067,000 stock options and 1,610,000 half warrants were outstanding at September 30, 2022. Each whole warrant entitles the holder to purchase one common share up to eighteen months following the closing date of the Private Placement.

Related-Party Transactions

During the year ended December 31, 2021 the Company entered into non-interest bearing loan agreements totaling $95,000 with one officer and one director and officer of the Company. These loans were initially measured at their fair values, totaling $86,408 using an effective interest rate of 5% per annum. On September 1, 2022 one non-interest bearing loan agreement was amended. The new agreement was measured at the fair value using an effective interest rate of 7% per annum. The fair value of the loan is $64,474. The new terms of the amended unsecured $75,000 loan agreement totaling are repayments via 30 equal monthly payments of $2,500 beginning on April 1, 2023. A total of $9,952 is included in prepaid expenses representing the employee benefit portion of the loan amount. The $20,000 loan is unsecured and is repayable on January 31, 2023.

Income tax expense

As at September 30, 2022, no recognition for the benefit of unutilized tax losses or unutilized research and development expenses carry forward for tax purposes has been recognized in the financial statements.

Summary of Quarterly Results

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenue	$1,653,445	$1,770,960	$1,315,917	$1,258,956	$1,394,987	$1,478,095	$1,421,342	$1,265,642
Net Loss	(225,110)	($57,529)	($332,546)	($360,626)	($157,434)	($47,976)	($42,924)	($69,583)
Loss per share (Basic and diluted)	($0.01)	($0.00)	($0.01)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)

The table above is a summary of the last 8 quarters of results up to September 30, 2022.

The product mix of the Company is diverse and different revenue recognition criteria exist for each product. Recurring revenues, including hosting and licensing, are relatively consistent in nature and consistent quarter to quarter. However, the timing of revenue recognition due to implementation services has an impact on the variability of revenues each quarter. The product has to be completed, delivered to and accepted by the client prior to recognition of the revenues. If an anticipated delivery is delayed, this may have a material impact on the revenues recorded for the quarter.

Use of Estimates and Judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical estimates that have the most significant effect on the amounts recognized in the financial statements is included in Note 4: Determination of fair values.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the December 31, 2021 Financial Statements Note 3: Significant accounting policies. Determination of the separately identifiable performance obligations and the relative fair value and revenue recognition timing of the performance obligations is subject to critical judgements. Critical judgements are required to assess whether or not a deferred tax asset should be recognized for temporary tax differences.

Future changes to accounting standards:

Accounting standards issued, but not yet effective.

IAS 1: Presentation of Financial Statements:

In February 2021, the International Accounting Standards Board issued amendments to IAS 1, Presentation of Financial Statements. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023 although earlier application is permitted. The Company is currently assessing the impact of these amendments on the disclosure of our accounting policies.

Financial Instruments

Financial instruments are measured at fair value on initial recognition, which is typically the transaction price unless a significant financing component is present. Subsequent measurement is dependent on whether the instrument is classified as “amortized cost”, “fair value through profit or loss” or “fair value through other comprehensive income”.

The classification of financial assets is determined by their characteristics and their context in the Company's business model.

The Company classifies financial assets and liabilities as follows:

Amortized cost: Cash and cash equivalents, trade and other receivables, loans receivable, trade and other payables, lease liabilities and shareholder loan are held by the Company to collect or pay contractual cash flows and are measured at amortized cost. Financial instruments measured at amortized cost are recognized initially at fair value adjusted for any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest rate method, less any impairment losses.

Fair value through profit or loss: The Company has no financial instruments held to both collect contractual cash flows and to sell the asset, and accordingly, no financial instruments are measured at fair value through profit or loss.

Fair value through other comprehensive income: The Company has no financial instruments that do not meet the criteria to be measured at amortized cost or fair value through profit or loss and, accordingly, no financial instruments are measured at fair value through other comprehensive income.

The Company derecognizes a financial asset when the contractual right to the cash flow expires, or the right to receive the contractual cash flows from the financial asset and substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when the contractual obligations are discharged, cancelled, or expired.

Risks and Uncertainties

The Company is subject to each of, and the cumulative effect of all, the risk factors outlined below.

Not Receiving An Adequate Or Any Return On Invested Capital
The exact effect of these risk factors cannot be accurately predicted, but they may result in the Company not receiving an adequate or any return on invested capital.

Recoup The Investment Or Pay Dividends
There is no assurance that the Company will produce sufficient revenues to allow the Company to recoup the investment or pay dividends to the investors. The Company has never paid any dividends on its securities and does not anticipate the payment of dividends in the foreseeable future. Any decisions regarding the payment of dividends will depend on the Company’s earnings, financial position and such other factors, as the Board of Directors of the Company deems relevant.

RenoWorks Is Not Fully Insured
RenoWorks’ operations are subject to the risks normally incident to the high technology, Internet and computer industries. In accordance with customary industry practice, RenoWorks is not, and it is not anticipated that the Company will be, fully insured against all of these risks, nor are all such risks fully insurable.

Marketability And Price
The marketability and price of the Company's products and services will be affected by numerous factors beyond the control of the Company.

Competition
RenoWorks is subject to competition from companies with different products, greater financial resources, and larger marketing capabilities. There can be no assurance that the Company will be able to continue to compete successfully with existing competitors or will be able to compete successfully with new competition. The digital visualization software imaging industry is currently in its infancy and there are very few independent participants. The industry is characterized by rapid technological change. Many of the companies, both domestic and foreign, with which the Company competes are well established, substantially larger and have substantially greater resources than will be available to the Company. Although management of RenoWorks believes that it will compete successfully, there can be no assurance that the Company will be able to maintain a high level of name recognition and prestige within the marketplace. Moreover, the Company’s success will depend on maintaining strong promotion, increasing visibility within the construction and renovation industry and on the Internet, and providing informative content. Management

of RenoWorks believes that sales and marketing are key to the Company's success. The lack of availability of talented, creative sales and marketing personnel or the Company's inability to attract and retain such key employees could adversely affect the business of the Company.

Fluctuations In Monetary Exchange
Fluctuations in the United States and Canadian monetary exchange rates could negatively affect the Company's profits.

No Assurances That The Company Will Become Profitable or Maintain Profitability
RenoWorks has been primarily engaged in research and development activities for market penetration in the past and has historically incurred losses. There can be no assurances that the Company will achieve profitability.

Uncertain Cash Flow to Meet Obligations
Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations due after December 31, 2021 as obligations fall due subsequent to December 31, 2021 is uncertain. Until this time, management will have to raise funds by way of debt or equity issuances or improve profitability.

Industry Subject To Technological Advancement And Obsolescence
RenoWorks is operating within an industry subject to a very rapid pace of technological advancement and obsolescence. The ability of the Company to establish and maintain a position at the leading edge of technological innovation in the industry cannot be assured. Failure to do so may compromise the attainment of the Company's commercial objectives.

Limited Professional Liability Insurance
RenoWorks has limited commercial general liability insurance. There is no assurance that such insurance will be sufficient to protect itself against claims connected with the provision of its services or that the Company will continue to carry this insurance.

Reliance Upon Third-Party Agents
To the extent that the Company also relies upon third-party agents to sell its services on the Company's behalf, the Company will be subject to risks associated with the performance of these third parties, in addition to their security arrangement, insurance, reputations, and professionalism in the provision of services.

Dependence Upon, and Need for, Key Personnel
RenoWorks is, and will be, dependent upon the performance and a limited number of key personnel. The loss of a key individual or a reduction in the time devoted by such person to the Company's business could have a material adverse effect on the Company's business. The Company's future success will depend in part upon its ability to attract and retain highly qualified personnel. The Company faces competition for such personnel from other companies, academic institutions and other organizations, many of which have significantly greater resources that the Company. There can be no assurance that the Company will be able to attract and retain the necessary personnel on acceptable terms or at all.

Management of Expanding Operations
The Company's ability to manage any future expansion effectively will require it to attract, train, motivate, and manage new employees successfully, to integrate new management and employees into its overall operations and to continue to improve its operational, financial and management systems. The Company's failure to manage any expansion effectively, including any failure to integrate management and employees or failure to implement and improve financial, operational and management controls, systems and procedures could have a material adverse effect on the Company's business, operating results and financial condition. For the Company to expand its business operations, it must continue to improve and expand the expertise of its personnel and must attract, train, and manage qualified managers and employees to oversee and manage its contemplated expanded operations. As the Company realizes revenue growth, it is the intention of the Company to significantly expand its existing business operations. Current management of RenoWorks anticipates that significant expansion of its operations will continue to be required in order to address potential market opportunities. Such expansion will subject the Company to a variety of risks associated with rapidly growing companies. In particular, the Company's growth may place a significant strain on its accounting systems, internal controls, and oversight of its day-to-day operations. To manage its growth, the Company must implement, improve, and effectively utilize its operational, management, marketing and financial systems and train and manage its future employees. These individuals will not have previously worked together and would be required to

integrate as a management team. There can be no assurance that the Company will be able to manage effectively the expansion of its operations or that RenoWorks' current personnel, systems, procedures and controls will be adequate to support the Company's operations. Any failure of management to manage effectively the Company's growth could have a material adverse effect on the Company's business, results of operations, and financial condition. Although management of RenoWorks intends to ensure that its internal controls remain adequate to meet the demands of further growth, there can be no assurance that its systems, controls, or personnel will be sufficient to meet these demands. Inadequacies in these areas could have a material adverse effect on the Company's business, financial condition, and results of operations.

Fluctuations in Operating Results

The Company may experience significant fluctuations in operating results. These fluctuations may be caused by several factors, many of which are beyond the control of the Company. These include: the cost of acquiring and the availability of content; the overall level of demand for content and product implementation services; seasonal trends and advertising placements; the amount of increased expenditures for expansion of operations, including the hiring of new employees, capital expenditures and related costs; the Company's ability to continue to enhance, maintain and support its technology; the introduction of new or enhanced services by the Company; price competition or pricing changes in products and services such as the Company's technical difficulties, system downtime, system failures; political or economic events and governmental actions affecting operations; and general economic conditions and economic conditions specific to the industry. If one or more of these factors or other factors occur, the Company's business could suffer. In addition, the market for services such as those which RenoWorks provides is volatile making it very difficult to predict future financial results.

Cyclicality in the Construction and Renovation Industries

The residential construction and renovation industries are cyclical. The industry tends to be sensitive to economic conditions. When economic conditions are prosperous, construction and renovation industry revenues increase; conversely, when economic conditions are unfavorable, construction and renovation industry revenues decline. The Company will continuously monitor trends in its clients' tastes and preferences so that, if necessary, it can change operations and services to accommodate the changes in such trends. Any significant decline in general corporate conditions or the economy that affect consumer spending could have a material adverse effect on the Company's business.

Subscription licensing revenues of RenoWorks are anticipated to be cyclical and dependent upon general economic conditions. However, management of RenoWorks believes that RenoWorks' pricing strategies, distribution, production cost structure, marketing strategy, and management's experience mitigate, to some degree, the effects of an economic downturn to the extent such downturn is regional.

Dependence on the Adoption of Computers in the Construction Industry

The Company's future success is substantially dependent upon continued growth in the adoption of computers in the construction industry and, as it relates to the Company, in the acceptance of digital visualization software usage. There can be no assurance that the number of computers used in the construction industry will continue to grow or that adoption of digital visualization software will occur. The construction industry may not prove to be a viable commercial marketplace for a number of reasons, including lack of computer use and ease of software use.

Risk Of Technological Change

The market for computer and software usage is characterized by rapid technological developments, frequent new product introductions, and evolving industry standards. The emerging character of these products and services and their rapid evolution will require the Company to effectively use leading technologies, continue to develop its technological expertise, enhance its current services, and continue to improve the performance, features and reliability of its visualization software and Internet destination (www.RenoWorks.com). Changes in network infrastructure, transmission and content delivery methods and underlying software platforms and the emergence of new broadband technologies, could dramatically change the structure and competitive dynamic of the market. In particular, technological developments or strategic partnerships that accelerate the adoption of broadband access technologies may require the Company to expend resources to address these developments. There can be no assurance that the Company will be successful in responding quickly, cost-effectively, and sufficiently to these or other such developments. A failure by the Company to rapidly respond to technological developments could have a material adverse effect on the Company's business, results of operations and financial condition.

Intellectual Property Risks

RenoWorks regards its copyright, trademarks, and similar intellectual property as critical to its success. In that context, the Company relies on a combination of copyright and trademark laws, trade secret protection, confidentiality and non-disclosure agreements and contractual provisions. There is no guarantee that these efforts will be adequate; that the Company will be able to secure trademark registrations for all of its trademarks in the United States or other countries; or that third parties will not infringe upon or misappropriate the Company’s copyrights, trademarks, service marks and similar proprietary rights. In addition, effective copyright and trademark protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate destination of the Company’s website. Since trademark and copyright protections are not "self-enforcing", future litigation may be necessary to enforce and protect the Company’s trademarks, copyrights and other intellectual property rights.

The Company may also be subject to litigation to defend against claims of infringement of the rights of others or to determine the scope and validity of the intellectual property rights of others. If competitors of the Company prepare and file applications in the United States or Canada that claim trademarks used or registered by the Company are infringing on their rights, the Company may oppose those applications and be required to participate in the proceedings before the United States Patent and Trademark Office or Canadian Intellectual Property Office to determine the priority and scope of rights to the trademark, which could result in substantial costs to the Company. An adverse outcome could require the Company to license disputed rights from third parties or to cease using such trademark. Any litigation regarding the Company's proprietary rights could be costly and divert management's attention, result in the loss of certain of the Company's proprietary rights, require the Company to seek licenses from third parties and prevent the Company from selling its services, any one of which could have a material adverse effect on the Company's business, results of operations, and financial condition.

The Company pursues the registration of trademarks based upon anticipated use internationally. There can be no assurance that the Company will be able to secure adequate protection for these trademarks in foreign countries. Many countries have a "first-to-file" trademark registration system and thus the Company may be prevented from registering its marks in certain countries if third parties have previously filed applications to register or have registered the same or similar marks. It is possible that competitors of the Company or others will adopt service names similar to the Company's, thereby impeding the Company's ability to build brand identity and possibly leading to customer confusion. In addition, there could be potential trademark or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the Company’s trademarks. The inability of the Company to protect its marks adequately could have a material adverse effect on the Company's business, results of operations and financial condition.

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