

Leonovus

Management's Discussion and Analysis

Leonovus Inc.

For the three months ended March 31, 2025

Dated May 30, 2025

(in thousands of Canadian dollars)

Leonovus Inc.

For the three months ended March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Leonovus Inc. ("Leonovus" or the "Company") and the notes to those statements as at and for the three months ended March 31, 2025.

The accompanying unaudited consolidated financial statements have been prepared by and are the responsibility of Leonovus's management. The unaudited consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In this MD&A, "we", "us", "our", "Leonovus", and "the Company" refer to Leonovus Inc. and its consolidated subsidiary, unless the context requires otherwise.

Dollar amounts are expressed in thousands of Canadian dollars unless otherwise noted.

Additional corporate filings are available under the Leonovus profile on SEDAR+ at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities legislation. Forward-looking information and statements include, but are not limited to, statements with respect to planned development and requirements for additional capital. Except for statements of historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, constitutes forward-looking statements. The Company cautions that this MD&A may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and results of operations. Forward-looking statements include those identified by the expressions "will", "may", "should", "continue", "anticipate", "believe", "plan", "estimate", "project", "expect", "intend" and similar expressions to the extent that they relate to the Company or its management. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors set forth in the MD&A and as discussed in public disclosure documents filed with Canadian regulatory authorities. Forward-looking statements are provided to assist external stakeholders in understanding management's expectations and plans relating to the future as of the date of this MD&A and may not be appropriate for other purposes. Forward-looking statements are made as of the date of this MD&A and Leonovus disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should not place undue reliance in the Company's forward-looking statements.

BACKGROUND

Developments

On May 2, 2022, the Company announced the launch of Torozo, a software as a service that is simple to use, low cost and allows for hyper-secure file sharing, file transfer and cloud storage, meeting the needs for data protection and the security of private personal information.

On January 31, 2024, the Company announced that it has signed a non-binding Letter of Intent to sell substantially all its software and patent assets to Cylentium Research Ltd. for \$2,500,000 in an all-cash transaction. In February 2025, the Company cancelled the proposed sale of the Company's current software and patents to Cylentium Research Ltd.

FIPS 140-2

On April 23, 2020, the Company received FIPS 140-2 validation of its cryptographic subsystem from the National Institute for Security Technology ("NIST") and the Communications Security Establishment ("CSE"). The Leonovus Cryptographic Module (LCM), is an integral component of both the Smart Filer and Vault products, which were designed with a data-centric security model. As attested in its validation, the LCM protects important data on-premises, in transit and in the cloud. The LCM, combined with the Leonovus product suite's secure key management, ensure that organizations retain complete control and sole access to their data whether placed in whole or in part in the cloud or infrastructure they manage. This assurance of security provides Leonovus customers the flexibility to store data where it makes the most sense technically and financially. The FIPS 140-2 cryptography validation ensures that our customer's data is safely protected in a manner which meets government standards in both Canada and the USA.

Understanding our Business and Outlook

Leonovus 'Vault' is a software-based multi-cloud data controller solution that enables efficient, secure and cost-effective use of on-premises, private and public cloud storage. Leonovus abstracts the mix of storage infrastructure used by providing a single set of storage targets and ensures that a consistent set of security and compliance policies are applied to all data stored.

Leonovus 'Data Discovery Tool' is a software-based solution that characterizes the data stored on it. Data Discovery Tool is storage vendor agnostic and can work in a variety of environments. Use the tool to inventory your file servers by visualizing the types of files and the mix of active versus infrequently accessed data that they contain. Midway through the third quarter 2019, Leonovus launched the free tool which allows customers to visualize their file storage profile and create reports that include the number of files and the

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amount of storage they consume according to file type and the date they were last accessed. The Data Discovery Tool generates concurrent reports for multiple file servers including time series data and reporting downloads. The application safely scans services and indexes data without modifying the source information. Leonovus' tool provides the insight that customers need to develop a file storage strategy that addresses exponential data growth by tiering out infrequently accessed ("cold") data and to manage highly active ("hot") data by transitioning it into a data pipeline for real time analytics.

Leonovus 'Smart Filer' was launched on November 5, 2019 as the next evolution of the product strategy. Smart Filer allows customers, who have developed a file storage strategy (using the Data Discovery Tool), to extend their file server infrastructure with unlimited, inexpensive cold storage. Smart filer's policy-driven automation engine provides for cost management through data tiering and near real time data driven analytics and insights.

In the data tiering role, infrequently accessed files are off-loaded automatically and transparently to secondary or cloud storage according to policies they configure. Users and their applications continue to access these files as they did before. The Smart Filer solution is designed to solve the problem where companies have an immediate storage growth problem and need a simple and transparent way to manage data storage.

Leonovus Smart Filer migrates data from file servers to secondary or cloud storage, freeing capacity while ensuring that data remains accessible throughout the migration process. Data migration is performed seamlessly and automatically based on policy defined by the company. Smart Filer first scans file shares and generates reports on the data. Last-access reports present a view of the number of files and total storage dedicated to them, according to how frequently they are accessed. File type reports indicate the number of files and total storage dedicated to each type of file (for example, documents, media, and so on). Using report information, users configure policy to off-load files matching the criteria you define to designated targets, including on-premises secondary storage and cloud storage services. Smart Filer makes at-capacity file servers "bottomless" by leveraging much cheaper secondary and cloud storage without affecting user experience. Smart Filer and Vault are directly plug compatible, deploying separately and integrating with each other in minutes.

With its data driven analytics role, added in 2020, Smart Filer enables the automated, policy-based, continuous selection of data to be migrated to a targeted destination. This selection of data in real time can be used to securely feed a data analytics pipeline, extracting the data directly from its source and loading it into, a data pipeline, data lake, or data warehouse to source for analytics. With real time data feeding the pipeline, the company gains insights and more responsive outcomes based on its live data, while maintaining control and governance over the data in the process.

Leonovus Vault technology gives the customer flexibility with uncompromising security. It decouples a firm's data from the underlying infrastructure by encrypting it, shredding it into digital fragments, then distributing these fragments to customer defined endpoints that can be any combination of on-premises storage servers and storage services from one or more public cloud vendors. This secure data plane uses Federal Information Processing Standard (FIPS 140-2) certified encryption and contributes to improved regulatory compliance and enhanced business continuity while minimizing cloud vendor lock-in and increasing data mobility and storage flexibility. For more information on our FIPS140-2 certification see below.

Leonovus' technology focuses on applying data-centric, rather than infrastructure-centric, security and compliance controls. The solution encrypts data with customer-controlled keys, shreds it and spreads it across multiple endpoints. This approach provides ultra-secure data, built-in redundancy and delivers more efficient data resiliency than is provided by traditional data replication techniques. If there is a loss of a storage node or if a device is hacked, the exposure is an indecipherable fragment of an encrypted data object. The Leonovus architecture enables both geo-fencing of data to address data residency and geo-diversity through the storage of redundant data fragments across several regions to allow businesses to continue operating without loss or exposure of their data. If a conventional data center is hit by a hurricane or other catastrophe, the data may be lost. While an enterprise may back up its data in multiple data centers, this comes with an additional cost and does not solve the risk of their data being hacked or corrupted by a computer virus based on the data being in a single location.

On February 23, 2021, the Company announced the beta launch of its new XVault product. our market research identified an enterprise need for more secure and real-time ways to transfer and share data in both the public and private sectors. International trade negotiations, public safety, military communication, mergers and acquisitions, legal communications are only a few markets requiring a secure data sharing solution. Several organizations indicated they continue to put sensitive data on USB sticks, and trusted staff fly, drive or walk the data to its destination. The obvious risk of these delivery methods combined with the non-real-time access to the data is a significant problem. XVault is a key new innovation and feature integrated with our overall smart and secure data management solution.

XVault is a highly Secure Remote File Sharing (SRFS) solution for real-time remote sensitive information sharing or transfer. The SRFS is multi-point with a powerful unique, protocol-independent data protection innovation. The system protects data by destroying it. At no time in transit, in-flight or at-rest, is the data in a readable format, regardless of the transport protocol. The UI is seamless and straightforward for users with a verifiable data flow and avoids any data exposure.

XVault has four key features;

- Real-time, hyper-secure remote data sharing for classified and sensitive data; protocol-independent, not relying on SSL or TLS for security.

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- A data-centric security solution that reduces cyber threat surfaces.
- Platform agnostic, point to point, point to multi-point and multi-point to multi-point secure data sharing.
- Simple configuration and operations that require minimal administrative and no user training.

Competing in an increasingly AI insight-driven world, enterprises are becoming more aware of the importance of real-time data sharing with remote locations and with third-party sources. In a recent Accenture survey, thirty-six percent of executives indicated that the number of organizations they partnered with had doubled or more in the last two years and that 71 percent of executives anticipate the volume of data shared within these ecosystems to increase. The Harvard Business Review Analytics Services Survey found that 78 percent of companies highlighted the ability to easily access and combine data from various external sources as very important for a data-driven enterprise. However, only 23 percent said they were currently very effective in this area, and only 15 percent shared data with critical vendors and suppliers.

On April 28, 2022, the Company launched Torozo www.torozo.com to the private sector. Torozo is the new name for XVault. Torozo is a hyper-secure, SaaS solution for the sharing, transfer, and storage of valuable data. Critical data is ultra-protected with Torozo's FIPS 140-2 compliant cryptography and our patented encrypt, shred, and spread technology that encrypts and shreds your files and distributes them across a range of cloud storage providers with a dirt-simple user interface. Torozo is a technical evolution and renaming of the XVault product. XVault will be eliminated as a public product name after the launch of Torozo as a SaaS to the private sector.

The Torozo product, launched in April 2022, continues to provide valued service for several customers. Growth is constrained by the lack of marketing resources to promote the product. Torozo, Vault and Smart Filer are all considered valuable assets in our discussions with potential partners.

Industry Outlook

The compounded annual growth rate for unstructured data is between 30% and 40% according to Gartner. This exponential growth in the amount of data created each year, coupled with the mandate to preserve data for years, often decades, presents opportunities for specific cloud offerings based on the continuing high growth of connected devices. Regarding deployment architectures, cloud services are currently undergoing a significant paradigm shift involving the Internet of Things (IoT) and the emergence of distributed edge computing. This shift is opening edge-based data to meaningful analysis, by spreading the analytic workloads across the network. Leonovus is well positioned with its technology to capitalize on the data storage growth trends in cloud computing.

According to Gartner, the storage and data protection market is evolving to address new challenges in enterprise IT like exponential data growth, changing demands for skills, rapid digitalization and globalization of business, requirements to connect and collect everything, and expansion of data privacy and sovereignty laws. Requirements for robust, scalable, simple and performant storage are on the rise. IT leaders are also expecting storage to evolve from being delivered by rigid appliances in core data centers to flexible storage platforms capable of enabling hybrid cloud data flow at the edge and in the public cloud IaaS.

Acquisition of Tradewind Markets, Inc.

On September 5, 2024, Leonovus and Wellfield Technologies Inc., a company listed on the TSXV under the stock symbol WFLD, entered into a definitive agreement (the "Definitive Agreement") outlining the terms upon which Leonovus will acquire all of the issued and outstanding common shares in the capital of Tradewind Markets Inc. ("Tradewind"), a wholly-owned subsidiary of Wellfield incorporated under the laws of Delaware

Subsequent to March 31, 2025, and under the terms of the Definitive Agreement, Leonovus plans to acquire all of the issued and outstanding common shares in the capital of Tradewind Markets, Inc., for an aggregate of 562,500,000 pre-consolidated common shares in the capital of Leonovus (corresponding to 36,000,000 common shares on a post-consolidation basis), which will result in a RTO of Leonovus under the policies of the TSXV. In connection with the completion of the RTO, Leonovus will change its name to "Tradewind Precious Metals Exchange Inc.", or such other name as may be determined by the parties and approved by the TSXV.

In connection with the RTO, Leonovus entered into an agreement with Research Capital Corporation as the sole agent and sole bookrunner (the "Agent") for a commercially reasonable efforts, private placement offering (the "Offering") of a combination of securities for minimum aggregate gross proceeds of C\$4,000,000 with an Agent option of 15%, consisting of (i) debt equity subscription receipts ("Debt Equity Subscription Receipts") at a price of C\$2,000 per Debt Equity Subscription Receipt; and (ii) equity subscription receipts ("Equity Subscription Receipts") at a price of C\$0.50 per Equity Subscription Receipt.

Each Debt Equity Subscription Receipt will entitle the holder thereof, upon the satisfaction of the Escrow Release Conditions (as defined herein) to receive one debt equity unit (a "Debt Equity Unit"). Each Debt Equity Unit will consist of: (i) one secured 14% convertible debenture ("Convertible Debenture") with a principal face value of C\$1,000 per Convertible Debenture; (ii) 2,000 common shares; and (iii) 4,000 common share purchase warrants (the "Warrants"). The Convertible Debentures will be secured upon closing of the RTO by a security agreement granting a first ranking security interest in the physical gold purchased (held at the Royal Canadian Mint) by the Resulting Issuer in the amount of C\$1,000 per Debt Equity Unit issued (50%). The Resulting Issuer may not issue any further securities that rank senior or pari-passu to the Convertible Debentures.

Each Equity Subscription Receipt will entitle the holder thereof, upon the satisfaction of the Escrow Release Conditions (as defined herein) to receive one equity unit ("Equity Unit"). Each Equity Unit will consist of one common share and one Warrant.

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Each Warrant will entitle the holder to purchase one Resulting Issuer Share (a "Warrant Share") at an exercise price of C\$0.625 per Warrant Share until the date that is 60 months following the satisfaction or waiver of the Escrow Release Conditions.

Escrow Release Conditions - The gross proceeds of the Offering, less the Agent's expenses and 50% of the cash commission (the "Escrowed Funds"), will be deposited and held by a licensed Canadian trust company or other escrow agent (the "Escrow Agents"). The Escrowed Funds (less the remaining 50% of the cash commission and any remaining costs and expenses of the Agent) will be released from escrow to the Resulting Issuer, as applicable, upon satisfaction of the following conditions (collectively, the "Escrow Release Conditions") no later than the 120th day following the Closing Date (the "Escrow Release Deadline"), including (i) the completion, satisfaction or waiver of all conditions precedent to the RTO in accordance with the Definitive Agreement, to the satisfaction of the Agent; (ii) the completion of the Share Consolidation and Name Change; (iii) the receipt of all required shareholder and regulatory approvals, including, without limitation, the conditional approval of the TSXV for the listing of the Resulting Issuer Shares and the RTO; (iv) the Resulting Issuer securities issued in exchange for the underlying securities not being subject to any statutory or other hold period in Canada; (v) the representations and warranties of Leonovus contained in the agency agreement to be entered into in connection with the Offering being true and accurate in all material respects, as if made on and as of the escrow release date; and (iv) Leonovus and the Agent having delivered a joint notice and direction to the Escrow Agents, confirming that the conditions set forth in (i) to (V) above have been met or waived.

Tradewind is at the forefront of the digital gold market, leveraging blockchain technology and a unique collaboration with a sovereign mint to provide investors with digital ownership of securely custodied gold, along with powerful 24/7 trading solutions. Through its flagship products, VaultChain™ Gold and VaultChain™ Silver, Tradewind has digitized ownership of over CDN\$170 million in physical metal on its platform. In the coming months, Tradewind will introduce a suite of smart contract-based decentralized finance (DeFi) services, including an Automated Market-Maker (AMM) for instant settlement in spot gold trading, and products offering investors a unique opportunity to generate yield on gold holdings, denominated in gold. Tradewind's collaboration with a sovereign mint to digitize ownership of physical metal combined with its blockchain-based trading ecosystem is one of a kind and represents a pivotal advancement in the physical precious metals market. This proprietary platform removes barriers for retail investors, enhances efficiencies for institutions, and significantly lowers trading costs. Thanks to its innovations in gold digitization and blockchain-based trading, Tradewind is well-positioned to capitalize on increasing demand from both institutional and retail investors seeking an accessible and affordable hedge against economic and geopolitical uncertainty.

Tradewind will enter a support agreement with Wellfield Technologies to enhance its platform's capabilities. Under this agreement, Wellfield will supply a team of professionals with extensive experience in electronic trading, market structure, gold investment management, market operations, cryptography, and blockchain technology. This collaboration aims to ensure seamless technology transfer and operational support during the initial 18 months of Tradewind's service expansion, reinforcing its position as a leader in the digital gold trading landscape.

Pursuant to the Definitive Agreement, a newly incorporated subsidiary of Leonovus will amalgamate with a newly incorporated subsidiary of Tradewind under the Business Corporations Act (Ontario), and such resulting entity will become a wholly owned subsidiary of the Resulting Issuer. On completion of the RTO, the Resulting Issuer will issue replacement common shares in the capital of the Resulting Issuer (the "Resulting Issuer Shares") and replacement warrants to purchase Resulting Issuer Shares to the current holders of Leonovus Shares and the current holders of warrants to purchase Leonovus Shares. Any remaining stock options of Leonovus will be cancelled on closing of the RTO.

The full particulars of the RTO, and the Resulting Issuer will be described in the management information circular of Leonovus (the "RTO Circular") prepared in accordance with the policies of the TSXV. A copy of the RTO Circular will be available electronically on SEDAR+ (www.sedarplus.ca) under Leonovus's issuer profile in due course. It is anticipated that an annual and special meeting of the securityholders of Leonovus will be held in mid 2025 (the "RTO Meeting").

Shareholder approval at the RTO Meeting is required for several of the transactions described in this press release, including: (i) the change of name to " Tradewind Precious Metals Exchange Inc."; (ii) the Stock Consolidation; (iii) the approval of the RTO; (iv) the election of directors; (v) the appointment of auditors; (vi) the adoption of new securities compensation arrangements; and (vii) the adoption of new by-laws. Each of the resolutions will require approval by a 50% majority of votes cast at the RTO Meeting, other than the resolutions to approve the change of name and the Stock Consolidation, which will require approval by two-thirds (66 2/3%) of the votes cast at the RTO Meeting. The resolution for approval of the RTO will also require approval by disinterested shareholders of Leonovus.

In support of the RTO and related transactions, each of the directors and officers of Leonovus, representing an aggregate of 1,429,175 Leonovus Shares (approximately 7% of the issued and outstanding Leonovus Shares) have entered into a voting support agreement

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with Wellfield in support of the RTO. The respective boards of directors of each of Wellfield and Leonovus, following consultation with their financial and legal advisors, have unanimously approved the Definitive Agreement and the RTO.

The Resulting Issuer Shares issuable to Wellfield will be subject to TSXV escrow policies and releasable in tranches over a period of 36 months following the closing of the RTO. In addition, 45% of the Resulting Issuer Shares issuable to Wellfield shall be subject to contractual escrow and releasable in tranches over 24 months following the closing of the RTO.

In conjunction with the RTO, Wellfield will also provide to the Resulting Issuer: (i) an intellectual property support agreement for post-closing services and support related to the Tradewind business valued at approximately \$1,000,000; and (ii) a customary non-competition agreement for a term of 5 years.

Wellfield and the Resulting Issuer will also enter into an investor rights agreement granting Wellfield a participation rights in future Resulting Issuer financings, subject to Wellfield holding at least 5% of the voting rights applicable to the outstanding Resulting Issuer Shares.

Completion of the RTO is subject to several conditions, including, but not limited to, receipt of Leonovus's shareholder approval, receipt of TSXV approval, closing of the Financing, completion of certain upgrades to the Tradewind platform, no material adverse change having occurred for either Wellfield nor Leonovus, and compliance with the terms of the Definitive Agreement by each of Wellfield and Leonovus. There can be no assurance that the RTO will be completed as proposed or at all.

Upon completion of the RTO, the current directors and officers of Leonovus will resign and the board of directors of the Resulting Issuer (the "Resulting Issuer Board") will be comprised of four persons nominated by Wellfield and one person nominated by Leonovus for appointment to the Resulting Issuer Board at the RTO Meeting, to hold office until the next annual general meeting of the Resulting Issuer or until their successors are elected or appointed. Wellfield will nominate the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of the Resulting Issuer for appointment by the Resulting Issuer Board.

Investors are cautioned that, except as disclosed in the RTO Circular to be prepared in connection with the RTO, any information released or received with respect to the RTO may not be accurate or complete and should not be relied upon. Trading in the securities of Leonovus should be considered highly speculative.

The Definitive Agreement was negotiated at arm's length between representatives of Wellfield and Leonovus. The Leonovus Shares will remain halted pending further filings with the TSXV. Leonovus may seek waivers or exemptions from certain listing requirements of the TSXV in connection with the RTO, including the requirement to obtain a sponsor for the RTO. However, there can be no assurance that any waivers will be obtained. If a waiver from the sponsorship requirement is not obtained, a sponsor will be identified later. No deposit, advance or loan has been made or is to be made in connection with the RTO.

SELECTED FINANCIAL INFORMATION

Results of Operations

The following selected financial data is derived from the March 31, 2025, unaudited interim condensed consolidated financial statements of the Company prepared in accordance with IFRS. The Company's presentation currency is in 000's of Canadian dollars.

The Company incurred a net income and comprehensive loss of \$172 for the three months ended March 31, 2025 (three months ended March 31, 2024 –\$158).

General and administrative expenses

General and administrative expenses incurred by the Company for the three months ended March 31, are broken down as follows

	2025	2024	% change
Corporate administration	\$ 26	\$ 24	8%
Consultant fees	\$ 117	\$ 116	1%
Professional fees	\$ 25	\$ 7	257%
Total general and administrative	\$ 168	\$ 147	14%

General and administrative ("G&A") expenses consist primarily of administrative salaries and independent contractors remuneration. The Company incurred G&A expenses of \$168 for the three months ended March 31, 2025 (March 31, 2024 - \$147). Significant items included in corporate administration include stock exchange compliance fees and other public company costs. The Company expects similar G&A expenses in 2025.

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Cash flows

The Company's cash and short-term investment position was \$32 as at March 31, 2025 (December 31, 2024 - \$8).

Cash outflows from operating activities for the three months ended March 31, 2025, were \$24 (March 31, 2024 - \$29). The Company expects further outflows from operating activities and expects fluctuations in working capital for the remainder of the 2025 year.

Liquidity and Capital Resources

Working capital at the end of March 2025 was (\$2,429) compared to (\$2,257) at December 31, 2024. The decrease in working capital at the end of the March 31, 2025, is mainly due to the lack of financing. The Company expects to consume cash in general business activities in terms of continued research and development and administrative costs. The Company expects working capital to fluctuate throughout 2025.

The Company currently does not have revenue and therefore Management is continuing to follow up on additional financing opportunities or transactions in order to secure sufficient working capital to meet its operational requirements and be able to pay its existing liabilities. However, there can be no assurance that the Company will be able to obtain sufficient funds continue to fund its operations.

Related party transactions

The key management personnel have been identified as the directors and officers of the Company based on their authority and responsibility for planning and directing the activities of the Company. By title, these are the independent directors, Chief Executive Officer, Chief Technology Officer, Chief Financial Officer, VP Product Management, VP Engineering, and Senior VP Sales. The remuneration of key management personnel who held these positions during the three months ended March 31, 2025 and 2024 was as follows:

	2025	2024
Salaries and fees	\$ 108	\$ 104
Share-based compensation	-	3
	\$ 108	\$ 107

Salaries include cash payments for base salaries. Director's fees include meeting fees and any Leonovus specific travel expenses incurred. Share-based compensation includes the compensation expense recognized during the period for key management personnel. There were no stock options and no warrants exercised by key management personnel in 2025 (2024 – Nil).

During the three months ended March 31, 2025, the Company incurred \$60 (three months ended March 31, 2024 - \$60) of consultant expenses to a Company controlled by the Chief Executive Officer.

During the three months ended March 31, 2025, the Company incurred \$19 (three months ended March 31, 2024 - \$19) of consultant expenses by the Chief Financial Officer.

During the three months ended March 31, 2025, the Company incurred \$17 (three months ended March 31, 2024 - \$13) of consultant expenses by the Chief Technology Officer.

Included in trade and other liabilities are amounts owed to directors of \$127 (December 31, 2024 - \$113) and key management of \$1,132 (December 31, 2024 - \$1,024).

Outstanding share data

The share capital of the Company consists of an unlimited number of common shares, without par value. All shares are equally eligible to receive dividends, the repayment of capital and represent one vote at the shareholders' meetings.

As at December 31, 2024, March 31, 2025 and May 30, 2025 the Company had 20,900,996 common shares outstanding.

As at December 31, 2024, March 31, 2025 and May 30, 2025, the Company has 2,000,000 warrants exercisable at \$0.05 and expiring August 3, 2025.

As at December 31, 2024, March 31, 2025 and May 30, 2025, the Company has Nil options outstanding.

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Review of quarterly operating results

(in 000's of Canadian dollars)

	In accordance with IFRS							
	Q4-25	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23
Operating expenses	\$ 168	\$ 168	\$ 146	\$ 188	\$ 146	\$ 251	\$ 152	\$ 202
Loss from operating activities	\$ (168)	\$ (168)	\$ (146)	\$ (188)	\$ (146)	\$ (251)	\$ (152)	\$ (202)
Finance costs	(4)	(8)	(8)	(12)	(8)	(18)	(12)	(12)
Foreign exchange	-	(1)	-	-	-	-	-	-
Net loss before income taxes	\$ (172)	\$ (177)	\$ (154)	\$ (200)	\$ (154)	\$ (269)	\$ (164)	\$ (214)

SUBSEQUENT EVENTS

See Acquisition of Tradewinds Markets, Inc. above.

In conjunction with the Tradewind Markets, Inc. acquisition, Leonovus plans to complete a shares for debt transaction with two Directors for a bridge loan of \$129,000 by the issuance of 4,031,250 shares of Leonovus issued at a price of \$0.032 and Leonovus plans to complete a shares for debt transaction with management, directors and consultants by the issuance of 27,569,313 shares of Leonovus issued at a price of \$0.032 in exchange for payables totaling \$882,218. Under the debt settlement agreement, management has forgiven \$288,750 of additional payables to management.

Additional Disclosure for Venture Issuers Without Significant Revenue

(a) capitalized or expensed exploration and development costs - none

(b) expensed research and development costs - none

(c) deferred development costs - none

(d) general and administration expenses – other than detailed above in the results of operations, office and administration costs which totaled \$168 (2024 - \$147) for the three months ended March 31, 2025 include consulting & management fees of \$117 (2024 - \$116), stock based compensation \$Nil (2024 - \$5), subscription fees of \$3 (2024 - \$10), filing and legal fees of \$20 (2024 - \$2), audit and tax fees of \$5 (2024 - \$5) and office expenses of \$23 (2024 - \$9).

ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements were approved and authorized for issue by the Board of Directors on May 30, 2025.

Critical accounting estimates and judgments

The Company's consolidated 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 consolidated 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 it 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.

Estimation uncertainty

Useful lives of depreciable assets

The useful lives of depreciable assets have been determined based on management estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Share-based compensation

The estimation of share-based compensation requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the forfeiture rate of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

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Warrants

In calculating the value of the warrants, key estimates such as the value of the common share, the expected life of the warrant, the volatility of the Company's stock price and the risk-free interest rate are used.

Significant management judgments

Recognition of deferred tax assets

Deferred tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Information about assumptions and estimation based upon the likely timing and the level of the reversal of existing timing differences, future taxable income and future tax planning strategies, is included in Note 14 of the 2024 audited consolidated financial statements. The tax rules in the numerous jurisdictions in which the Company operates are also taken into consideration.

Research and development

Research costs are expensed as incurred. Development costs are deferred and amortized when the criteria for intangible assets are met, or otherwise, are expensed as incurred. To date, no development costs have been deferred.

Investment tax credits

The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. These credits can be applied against future income taxes payable and are subject to a twenty-year carry forward period. If the Company is not in a taxable position a portion of these credits, are cash refundable.

Investment tax credits are accounted for as a reduction of operating expenses and are accrued as qualifying expenditures are made provided it is probable that the credits will be realized. To date the Company has only accrued the amount of tax credits that are refundable as an offset to research and development expense.

Functional currency

In assessing the functional currency, each entity within the Company determines its own functional currency, and the items included in the financial statements of each entity are measured using that functional currency. The functional currency determination involves certain judgments in evaluating the primary economic environment, and the Company reconsiders the functional currencies of each entity if there is a change in the underlying transactions, events and conditions which determine the primary economic environment.

Going concern risk assessment

Management considers whether there exists any event(s) or condition(s) that may cast significant doubt on the Company's ability to continue as a going concern. Considerations take into account all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future commitments.

Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events. When contingencies exist, Management estimates the related financial impact to the Company based on the possible outcomes of one or more future events.

Management's Conclusion on the design of Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure and internal controls and procedures as at March 31, 2025 and have concluded that the Company's controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, was made known to them and reported as required, particularly during the period in which this report was being prepared.

Management's Conclusion on the effectiveness of Disclosure Controls

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2025 and have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiary would have been known to them.

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CORPORATE GOVERNANCE

The three-person Board of Directors of Leonovus Inc. is composed of two independent directors who are not related to the Company. One director has been appointed as the Chairman of the Board of Directors and as Chief Executive Officer of the Company, while another director has been appointed Chief Technology Officer of the Company. The two independent directors fulfil the Audit Committee and all directors fulfil the Compensation Committee mandates. The Board and Management will continue to ensure compliance with regulatory requirements.

RISKS AND UNCERTAINTIES

Evolving Business Model

The Leonovus Inc. business model continues to evolve. Leonovus seeks to develop and promote new or complementary solutions and products to expand the breadth and depth of its offerings. There can be no assurance that Leonovus Inc. will be able to expand its operations in a cost-effective or timely manner or that any such efforts will create, maintain or increase overall market acceptance.

Lengthy and Complex Sales Cycle

Leonovus sales efforts target large companies requiring Leonovus to expend significant resources educating prospective customers about the uses and benefits of Leonovus products. Because the purchase of Leonovus's solution is a significant decision for these companies, prospective customers generally take a long time to evaluate the product. The sales cycle may range from twelve months to two years for larger accounts, although these cycles can be longer due to significant delays over which Leonovus has little or no control.

Dependency on Key Personnel

Leonovus's success will depend upon the continued service of its senior management team. Leonovus employees may voluntarily terminate their employment with Leonovus at any time. The loss of services of key personnel could have a material adverse effect upon Leonovus's business, financial condition and results of operation.

Future Capital Needs

Leonovus may need to raise funds through public or private financing in the event that Leonovus incurs further operating losses or requires substantial capital investment or in order for Leonovus to respond to unanticipated competitive pressures or to take advantage of unanticipated opportunities. There can be no assurances that additional financing will be available on terms favorable to Leonovus or at all.

Foreign Exchange Exposure

Leonovus continues to seek expanding its operations into the US market. Fluctuations in the currency exchange rate may affect the revenue and operations of the company. The potential effect of the currency exchange rate fluctuations will be magnified as the percentage of sales to the US market grows.

Cybersecurity

Security breaches and other disruptions to our information technology networks and systems could interfere with our operations and could compromise the confidentiality of private customer data or our proprietary information. While we attempt to mitigate these risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and having developed contingency plans, we remain potentially vulnerable to additional known or unknown threats. We collect and store sensitive data including intellectual property, proprietary business information as well as personally identifiable information of our customers and employees in data centers and on information technology networks. The secure operation of these networks and systems is critical to our business operations and strategy. Despite our efforts to protect sensitive, confidential or personal data or information, we may be vulnerable to security breaches, theft, misplaced or lost data, programming errors, employee errors and/or misconduct that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, unauthorized access, use, disclosure, modification or destruction of information, production downtimes and operational disruptions. In addition, a cyber-related attack could result in other negative consequences, including damage to our reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action.

CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable liquidity. The Company currently has not paid any dividends to its shareholders.

The Company is not subject to any statutory capital requirements and has no commitments, other than its office space lease and options, to sell or otherwise issue common shares.

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There were no changes in the Company's approach to capital management during the period.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

FINANCIAL INSTRUMENTS

The Company's financial instruments and the nature of the risks which they may be subject to are set out in the following table.

	Risks			
	Market			
	Credit	Liquidity	Foreign Exchange	Interest Rate
Cash	Yes		Yes	
Trade receivables	Yes			
Trade and other liabilities		Yes	Yes	
Lease liability		Yes		
Loan payable		Yes		Yes
Deferred compensation		Yes	Yes	

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk). The Company's management team carries out risk management with guidance from the Audit Committee under the direction of the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. Management's assessment of the Company's exposure, objectives and processes for managing financial risks, as noted below, has not changed from the prior year, unless otherwise disclosed.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, trade and other receivables. The Company's maximum credit risk at March 31, 2025 is \$31 (December 31, 2024 - \$49). Of that total, \$Nil is aged in excess of 60 days. Management does not believe the Company is exposed to significant credit risk.

Cash

Cash consists of bank balances. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested in Schedule 1 chartered Canadian Banks.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Management has significantly reduced expenses over the last 18 - 30 months and continues to monitor the Company's expenses carefully. As at March 31, 2025, the Company had cash and trade receivables of \$63 (December 31, 2024 - \$57) and accounts payable, accrued liabilities and loan payable of \$2,492 (December 31, 2024 - \$2,314).

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as at March 31, 2025.

The amounts presented in the below maturity analysis represent the undiscounted future cash flows and as a result, they may differ from the net book value.

	Future value	2025	2026	2027 and after
	\$	\$	\$	\$
Trade and other liabilities	2,175	2,175	-	-
Deferred compensation	179	179	-	-
Loan payable	138	138	-	-
Total financial liabilities	2,492	2,492	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of a financial instrument or its future cash flows. The Company is currently not subject to market risk.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements of Leonovus Inc. and all information contained herein are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements include some amounts that are based on management's best estimates that have been made using careful judgment.

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The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the report are consistent with the information contained in the financial statements.

Although no cost-effective system of internal controls will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded, and the financial records are reliable for preparing the consolidated financial statements.

The Board of Directors carries out its responsibility for the financial statements. The Board of Directors meets periodically with management and with the external auditors to discuss the results of audit examinations with respect to the adequacy of internal controls and to review and discuss the consolidated financial statements and financial reporting matters.

Additional information about the Company such as the 2024 audited consolidated financial statements can be found on SEDAR+ at www.sedarplus.ca.