LIGHT AI INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

(Expressed in Canadian dollars unless otherwise stated)

Introduction

The following management discussion and analysis ("MD&A") for Light AI Inc. (the "Company", "Light AI"), prepared as at May 15, 2026, should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2026 and 2025 and the Company's audited consolidated financial statements and accompanying notes for the years ended December 31, 2025 and 2024. The Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2026 and 2025 have been prepared in accordance with IAS 34 and IFRS Accounting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information about the Company, including the Company's Annual Information Form dated March 26, 2026 (the "AIF") and preliminary short form base shelf prospectus dated March 11, 2025, is available under the Company issuer profile on SEDAR+ at www.sedarplus.ca. This MD&A was prepared by management of the Company and approved by its Board of Directors prior to its release.

NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words "believes", "may", "plans", "will", "anticipates", "intends", "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this MD&A includes statements regarding: expectations regarding industry trends and challenges; overall market growth rates and growth strategies; addressable markets for our solutions; expectations regarding the development of and demand for the Company's products; the achievement of advances in and expansion of our offerings and markets; expectations regarding the revenue generation potential of our products, services and other solutions; our business plans and strategies; the sufficiency of the Company's cash resources to support operations; continuing as a going concern; the future use of remaining proceeds from public financing; our competitive position in our industry; and our continued investment in the research and development of our existing and new products and software applications offering.

In connection with the forward-looking information contained in this MD&A, we have made numerous assumptions, regarding, among other things: our ability to successful outcome of our pivotal clinical study and our ability to capitalize on growth opportunities and implement our commercialization strategy; our ability to retain key personnel; our ability to maintain existing customer relationships and to continue to expand our customers' use of our products solutions; our ability to acquire commercial customers; our ability to enhance our offerings to remain at the forefront of our industry; the impact of competition;; the absence of material adverse changes in our business, our industry or the global economy; and that the risks and uncertainties described under the "Risk Factors" section of this MD&A. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies. Additionally, there are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, but are not limited to, the factors described in the "Risk Factors" section of this MD&A and the AIF.

If any of these risks or uncertainties materialize, or if the opinions, estimates, or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above should be considered carefully by prospective investors. All forward-looking information herein is qualified in its entirety by this cautionary statement, and we disclaim any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

Company Overview

The Company was incorporated in British Columbia on November 12, 2010. The Company was a reporting issuer in British Columbia, Ontario and Alberta, and its common shares were traded on the Canadian Securities Exchange (the "CSE") under the symbol "MOJO" and on the Frankfurt Exchange under symbol "FSE: 0HCN". Trading in the Company common shares was halted on June 19, 2024 until January 8, 2025. On January 3, 2025, the Company received final approval by Cboe Canada Inc. ("Cboe Canada") to list the Company's common shares on Cboe Canada under the symbol "ALGO". On December 13, 2024, the Company closed the Transaction (as defined below) and changed its name from Mojave Brands Inc. to Light AI Inc.

As a result of the Transaction, Light AI Technologies Inc., Amalco (as defined below), comprises the nature of the business operations going forward. The Company is currently focused on the development of artificial intelligence and machine learning diagnostic digital healthcare solutions to combat disease and reduce the use and misuse of antibiotics. The registered office and corporate address of the Company is 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

Light AI is a technology company focused on developing AI health diagnostic solutions. Light AI is developing a suite of products, the "Light AI QuickScan™ software as a medical device, SaMD, platform." which represents the next generation of patient point of care triage and management: it applies assistive AI diagnostic algorithms to compatible smart device images, starting with Light AI QuickScan™ Strep A, identify GAS in seconds. Its patented, app-based solution requires no swabs, lab tests or proprietary hardware of any kind, with the potential for smart device compatibility to include the over 4.5B compatible smart devices that exist in the world today. Light AI is at the forefront of developing innovative diagnostic solutions aimed at improving healthcare delivery worldwide. The Company's AI powered technology offers rapid, accurate, and cost-effective diagnostic tools designed to address critical healthcare challenges.

In pre-United States ("US") Food and Drug Administration ("FDA") validation studies, Light AI's algorithm demonstrated remarkable accuracy in differentiating between viral and bacterial pharyngitis, specifically targeting Group A Streptococcus ("Strep A" or "GAS"). The algorithm achieved a 96.57% accuracy rate and attained a negative predictive value of 100%, indicating its high reliability in confirming the absence of Streptococcus A infection.

Viral and GAS pharyngitis affects over 600 million people annually worldwide. If left untreated, GAS pharyngitis can lead to serious complications such as Rheumatic Heart Disease ("RHD"), which imposes a global economic burden exceeding $1 trillion annually. Light AI's technology offers a significant advancement in the accurate and timely diagnosis of GAS pharyngitis, potentially reducing the incidence of RHD and its associated costs. Light AI's approach to applying AI to a compatible smart device images can be expanded to other conditions, as well as other areas of analysis, such as the COVID19, Urinary Tract Infections (UTI), Ear, Nose and Throat (ENT) conditions, and Dermatology conditions in humans and has the potential for veterinary care conditions in the future. Light AI's vision is to combine the compatible smart device with AI on the Edge and in-the-Cloud to create a comprehensive Light AI QuickScan™ Digital Clinical Lab that provides quick and accessible diagnosis for countless conditions that today require expensive and time-consuming imaging or lab processes.

The Company is an emerging healthcare technology company in the clinical validation and pre-commercialization stage of the first version of a commercial software specializing in medical imaging designed to differentiate between bacterial and viral infections at point-of-care ("POC"). The Company's AI uses advanced algorithms to identify key patterns in patient images to produce an effective probability score. The Company's technology utilizes compatible smart devices with integrated cameras to capture images, which are then analyzed in order to differentiate between viral and bacterial infections using artificial intelligence (AI) and machine learning ("ML") algorithms and a proprietary database of ML training images collected since 2016. The terms AI and ML are often used interchangeably, but they refer to different concepts. AI is the overarching field focused on creating intelligent systems, while ML is a specific approach within AI that uses data and algorithms to enable machines to learn and make decisions. The Company is currently completing the development of its technology for the differentiation between viral and bacterial infections in pharyngitis (sore throat). The Company intends to leverage the large world-wide footprint of compatible smart devices in the first stage of deployment for its patented technology.

The Company's initiative is to develop and commercialize its technology to improve healthcare quality and outcomes by providing healthcare professionals with real time results thus reducing or eliminating the cost and delay of currently available diagnostic tests, reducing unnecessary patient throat swabs and lab testing, eliminating the need for

unnecessary follow-up physician visits and reducing the over-prescription of antibiotics. The Company believes that by leveraging the use of the Light AI QuickScan™ with compatible smart devices for image data capture and applying AI to analyze the images data, the Company's QuickScan™ platform will provide rapid and accurate results in a cost-effective and globally scalable manner.

Diagnosing pharyngitis is challenging because viral and bacterial infections often have similar symptoms, making it difficult for health care providers to differentiate them without diagnostic tools.

Rapid detection diagnostic tools (like RADT antigen and molecular tests) play a crucial role in determining whether an infection is viral or bacterial, which directly impacts prescription antibiotic treatment decisions by health care providers globally. The typical timeframe for lab tests to diagnose GAS can range from 24-72 hours post initial medical visit. Out of 10 patients presenting with pharyngitis, 8 are typically prescribed antibiotics prophylactically while awaiting clinical standard lab (throat swab) results when in reality only 2-3 patients presenting in symptoms of pharyngitis actually require antiobiotics. The result of inappropriate use of antibiotics can lead to antimicrobial resistance. By applying Light AI QuickScan™ Strep A software to compatible smart device images to identify infectious GAS in the throat and mouth, in a non-invasive solution that requires no swabs, lab tests or proprietary hardware will provide access and affordability to global communities. Additionally, the Company's approach to applying AI to compatible smart device images can be expanded to other conditions.

The Company has trained a convolutional neural network ("CNN") using its proprietary oropharynx image database to discriminate between viral and bacterial infection. Real-time, live images are captured on-demand using a compatible smart device camera, and the data is segmented into distinct objects such as the throat, including the uvula and tonsils, for precise evaluation. The proprietary Light AI patented, segmentation allows the AI system to isolate and analyze specific anatomical features, leading to an accurate ability to differentiate between bacterial and viral disease.

The Company began developing its AI algorithm applications in 2016 and to ensure robust model development, the Company follows recognized machine learning practices, including a training-validation-test split, which divides the dataset into three parts for training, validating and testing the model. The Company's training data was collected at six different facilities across the US. Those facilities had institutional review board (IRB) protocols in place that provided for the enrolment of a diverse population, in age, sex and ethnicity, enhancing the model's generalizability and reducing potential biases.

Currently, the Company is focused on developing Light AI QuickScan™ to diagnose a range of human conditions and diseases, in addition to QuickScan™ Step A, such as the COVID19, Urinary Tract Infections (UTI), Ear, Nose and Throat (ENT) conditions, and Dermatology conditions in humans and has the potential for veterinary care conditions in the future. The Company is combining a closed or locked algorithm (rather than open AI) and cloud-based machine learning algorithm supporting a commercial SaMD Light AI QuickScan™ Strep A application platform as described below.

Light AI QuickScan™ Platform

The Company is developing a technology platform consisting of software operating as a medical device (SaMD) to automatically diagnose GAS. The Light AI QuickScan™ Strep A software allows a healthcare provider to take images of the throat of an patient, who is presents with symptoms and is suspected of having GAS pharyngitis, using a compatible smart device, and submit for analysis for GAS diagnosis in a process that takes less than 60-seconds to complete.

Device Components

The Light AI QuickScan™ Strep A platform consists of two software components:

1. On Device Edge Computing

Currently, the Light AI QuickScan™ Strep A software is installed in and run from a compatible smart device with a built-in camera. It performs data collection, image conversion, image segmentation and image classification on the edge on device.

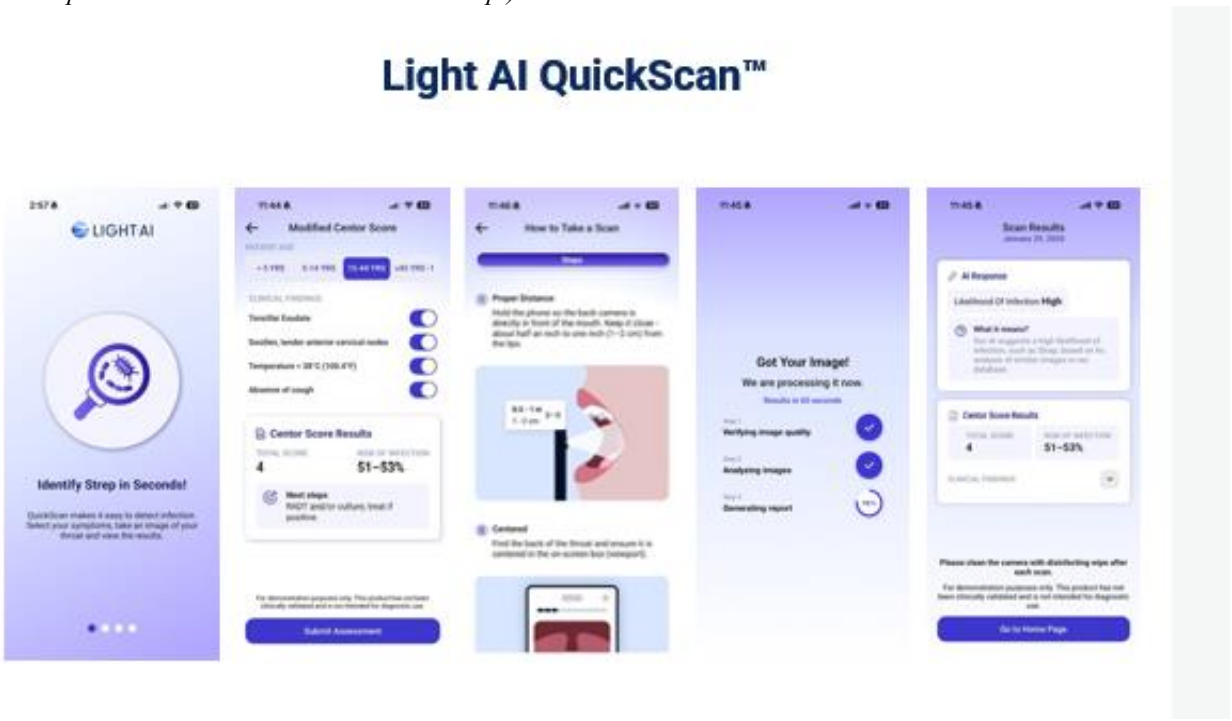
2. Cloud-basedDiagnostic Algorithm

The Light AI QuickScan™ Strep A software application validated images are uploaded to the cloud for Light AI's proprietary and patented Diagnostic CNN Algorithm to analyze and detect the presence of bacterial GAS using a convolutional neural network (CNN), a machine learning technology.

The data used for training the Diagnostic CNN Algorithm was collected from sites in Canada, the United States and Uganda. The Company continues to accumulate images to further develop classifiers in order to train detection models across multiple health indications.

How It Works

(POC in person or Telemedicine Product Concept)



Commercialization Plans

The Company has developed its patented technology, a software application. The Company anticipates marketing its product offering initially to the medical practitioner and industry with its software application subject to regulatory approvals in the target markets. Light AI QuickScan™ Strep A software in healthcare at the point of care allows providers to clinical decision support tool for the Strep A, provide better outcome for patients and enable the provider in his/her decision making regarding the Light AI QuickScan™ Strep A software analysis outcome for warranted further lab testing and treatment with antibiotics.

North America Regulatory Milestones

Health Canada

While the Company is headquartered and maintains some operations in British Columbia, Canada, Light AI does not currently market or distribute products in Canada. Canadian medical device regulations concerning Class II and Class III medical devices are being explored at this time with the anticipation of completing our ability to commercialize initially by mid 2026. Light AI will comply with such laws and regulations and will be required to obtain the necessary Canadian approvals and permits prior to commercialization in Canada.

The Company anticipates leveraging eventual regulatory approval from Health Canada to expedite regulatory approval in other jurisdictions.

United States Food and Drug Administration

The health system costs associated with managing GAS infections in the United States can be substantial, impacting both the healthcare system and individual patients.

Direct medical expenses include doctor visits, diagnostic lab tests, and treatment, often with antibiotics. For individuals without insurance, the costs can be considerably higher, especially if the infection leads to complications, like rheumatic fever or abscesses, which require additional medical care. Indirect costs, such as lost wages from missed work, or school, and childcare expenses, add to the personal financial burden. These cumulative costs underscore the financial impact of GAS on both individuals and the broader healthcare system.

In the United States, the Company's products and operations will be subject to extensive regulation by federal governmental authorities, the FDA, to ensure the devices are safe and effective. These regulations, which include the United States Federal Food Drug, and Cosmetic Act of 1938, as amended (the "FDA Act") and regulations promulgated by the FDA, govern, among other things, the design, development, testing, manufacturing, packaging, labeling, distribution, import/export, sale and marketing and disposal of medical devices, post market surveillance and reporting of serious injuries and death, repairs, replacements, recalls and other matters relating to medical devices. The Company's products constitute regulated medical devices subject to either a de novo or 510(k) pathway for FDA pre-market approval ("PMA"). Under the FDC Act, each medical device manufacturer must comply with quality system regulations that are strictly enforced by the FDA. The FDA requires that the manufacturer of a new medical device obtain either 510(k) pre-market notification clearance or pre-market de novo grant prior to the ability to begin marketing or selling a medical device product in the United States

The Company has contracted Elevance Health's CRO, Carelon Research, to conduct FDA pivotal trials in the US. The pivotal trial is set to begin in Q2 2026 and conclude by the end of Q3 2026 at which time the Company is expected to submit to the FDA.

Rest of World Commercialization

The Company's operations, sales and service of products outside of Canada and the United States are subject to regulatory requirements that vary from country to country and may differ significantly from those in North America. In general, The Company's products are regulated as medical devices by foreign governmental agencies similar to the FDA. In order for the Company to market its products internationally, the Company must obtain clearances or approvals for products and product modifications.

Lower and Middle Income Countries ("LMIC")

The Company anticipates partnering with Tech Care For All ("**TC4A**") to roll out the Company's platform to the LMIC market, initially focusing on Africa. TC4A is a social impact company whose goal is to accelerate digital health in Africa and Asia to improve health outcomes in underserved communities.

Timely detection of GAS at the point of care has the potential to generate material financial savings for healthcare payers. Implementing the Company's compatible smart device-based tool for GAS in Africa and LMIC markets could yield a substantial dollar saving by reducing the need for in-clinic testing and minimizing the expensive treatment costs associated with untreated cases. Additionally, early intervention can prevent indirect costs related to productivity losses, estimated to be a significant economic strain on families, who often rely on income from daily work to meet essential needs.

TC4A developed and operates a global medical learning platform targeting healthcare professionals in LMIC markets initially commencing with Africa. The Company anticipates launching a diagnostic offering, through global distributions partners, based on the technology in these countries following receipt of required regulatory approvals.

Following the completion of the market landscape analysis in Africa, the Company and TC4A are exploring a similar analysis for the Indian market.

Europe

The Company is required to affix the Conformité Européenne ("CE") mark to its products in order to sell them in member countries of the European Economic Area (the "EEA"). The Conformité Européenne mark is an international symbol of adherence to certain essential principles of safety and effectiveness, which once affixed enables a product to be sold in member countries of the EEA. The Conformité Européenne mark is also recognized in many countries outside the EEA, such as Switzerland and Australia, and can assist in the clearance process. In order to receive permission to affix the Conformité Européenne mark to its products, the Company must obtain quality system certification and must otherwise have a QMS that complies with the EU Medical Device Directive.

In addition to the United States laws regarding the privacy and integrity of patient medical information, the Company is subject to similar laws and regulations in foreign countries covering data privacy and other protection of health and employee information. Particularly within Europe, data protection legislation is comprehensive and complex and there has been a recent trend toward more stringent enforcement of requirements regarding protection and confidentiality of personal data, as well as enactment of stricter legislation. The Company is also subject to international "fraud and abuse" laws and regulations, as well as false claims and misleading advertisement laws.

Research and Development and Commercialization Risks

The research and development of the Company's software solution is taking longer than anticipated with additional effort and investment anticipated after March 31, 2026. The Company anticipates progressing with its regulatory approval clinical trials and process during the year ending December 31, 2026 in addition to the commencement of its initial commercialization initiatives. The Company is exposed to the inherent risks associated with the research and development of new disruptive medical oriented technologies with respect to the successful completion of its software offering and related market adoption and acceptance. See Risk Factors for additional information.

Intellectual Property

As a health care technology company, the Company's intellectual property and proprietary information is a fundamental element of its success. The Company protects its proprietary rights through a combination of copyright, trademark and trade secret laws as well as contractual provisions. The source code for its software is generally protected under Canadian and United States copyright laws. The Company has the following patents:

I. Infection Detection Using Image Data Analysis

United States
- Patent number: 12,148,150

European Union
- Patent number: 4121983

II. Imaging Processing of Streptococcal infection in Pharyngitis Subjects

United States
- Patent number: 11,369,318
- Patent number: 11,602,312

European Union
- Patent number: 3864669

Australia
- Patent number: 2019357949

Israel
- Patent number: 282169

The Company also has one US patent application, one Canadian patent application and one European Union patent application filed in respect of the Infection Detection Using Image Data Analysis.

The Company also has one European patent application and one Canada patent application filed with respect to the Image Processing of Streptococcal Infection in Pharyngitis Subjects.

The grant of these patents depends on the number of comments the Company receives from the patent examiner and the volume of applications the patent examiner is reviewing. At this time, it could be up to two years before the patents are granted.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and obtain additional capital, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables.

The Company is currently pre-revenue and therefore the Company's ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Company will receive sufficient additional financing to complete the product, or that the product will be commercially successful. As at March 31, 2026, the Company has an accumulated deficit of $45,639,208 (December 31, 2025 - 43,576,784).

As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Business Combination Transaction

On January 31, 2024, the former Mojave Brands Inc. (the "Former Mojave") entered into a binding letter of intent ("LOI") with LAI SPV Corp. ("LAI SPV") and the former Light AI Inc. (the "Former Light AI") under which Former Mojave, LAI SPV and the Former Light AI will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction (the "Transaction"). The parties entered into a Business Combination Agreement on June 19, 2024 and subsequently amended on September 9, 2024 and October 24, 2024, whereby the Former Mojave, LAI SPV and the Former Light AI agreed to effect the combination of their respective businesses and assets by way of a series of steps or transactions including the amalgamation (the "Amalgamation" as described below).

LAI SPV was incorporated on December 28, 2023 to primarily raise capital for funding the Former Light AI prior to the Transaction.

On December 13, 2024, the Company completed the Amalgamation and the terms and conditions of the Amalgamation were as follows: 1479875 B.C. Ltd. ("Subco"), a wholly owned subsidiary of the Former Mojave incorporated for the purpose of effecting the Transaction, amalgamated with the Former Light AI and LAI SPV (together, "Opco"), which are considered as one single entity for accounting purposes, to form Light AI Technologies Inc. ("Amalco"); (ii) holders of common shares in the capital of the Former Light AI received 3.89 common shares in the capital of the Company for each Former Light AI share held, and the Former Light AI shares were cancelled; (iii) holders of common shares in the capital of LAI SPV received one common share in the capital of the Company for each LAI SPV share held, and the LAI SPV shares were cancelled; (iv) the Company's share purchase warrants were issued to the holders of the Former Light AI share purchase warrants, and LAI SPV share purchase warrants, in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Former Light AI warrants and LAI SPV warrants were cancelled; (v) the Company's options were issued to holders of Former Light AI options and LAI SPV options in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Former Light AI options and LAI SPV options were cancelled; (vi) Light AI Technologies Inc. became a wholly owned subsidiary of the Company; and (vii) the Company changed its name to Light AI Inc. The Company will continue to carry on the business of the Opco.

Upon closing of the Amalgamation, the shareholders of the Opco had control of the combined entity, and as a result, the Transaction is considered a reverse acquisition of the Former Mojave by the Opco. Based on the guidance of IFRS 3, Business Combinations, it has been determined that the Opco was the accounting acquirer, and the Former Mojave was the accounting acquiree. Accordingly, these consolidated financial statements are a continuation of the consolidated financial statements of the Opco, except with regard to authorized and issued share capital, which is that of the Former Mojave.

Offering

On September 25, 2024, the Company signed an engagement agreement to appoint Ventum Financial Corp. ("Ventum") as the lead agent and sole bookrunner on behalf of a syndicate of agents in respect of a proposed public offering of a minimum of 18,181,818 units of the Company (each, a "Unit") and a maximum of 27,272,727 Units at $0.55 per Unit to raise gross proceeds of a minimum of $10 million and a maximum of $15 million (the "Offering"). On December 5, 2024, the Company and Ventum agreed to increase the maximum size of the Offering from 27,272,727 Units to 29,248,000 Units with maximum gross proceeds of $16,086,400. Each Unit was comprised of one common share in the capital of the Company (each, a "Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional Share at an exercise price of $0.80 per Share for a period of 18 months from the closing of the Offering.

On October 29, 2024, the Company filed and obtained a receipt for a preliminary prospectus in each of the provinces and territories of Canada, other than Quebec, in connection with the Offering. On December 17, 2024, the Company filed and obtained a final receipt for its long form prospectus.

On December 30, 2024, the Company closed the first of two tranches of the Offering by issuing 30,878,200 Units at $0.55 per Unit for aggregate gross proceeds of $16,983,010, encompassing the primary offering of 29,248,000 Units for gross proceeds of $16,086,400 and the partial exercise of the Over-Allotment Option (as defined below) amounting to 1,630,200 Units for gross proceeds of $896,610. The Offering was completed pursuant to an agency agreement dated December 17, 2024 (the "Agency Agreement") between the Company and a syndicate of agents including Ventum, as lead agent and sole bookrunner, Haywood Securities Inc. and Beacon Securities Limited (collectively, the "Agents"). Pursuant to the Agency Agreement, the Company granted the Agents an over-allotment option (the "Over-Allotment Option") exercisable, in whole or in part, at the sole discretion of the Agents, to sell up to an additional 4,387,200 Units for up to 30 days following closing of the Offering. The Agents have partially exercised the Over-Allotment Option for 1,630,200 Units. The Company paid the Agent a cash commission of $1,006,076, a corporate finance fee of $200,000 and Agent's legal fees and reimbursements of $333,592. The Company paid/accrued its corporate legal counsel fees of $329,867 and other expenses of $32,466 related to the Offering. Per the Agency Agreement, the Company issued 1,829,230 Agent Warrants at an exercise price of $0.55 and expiring on June 30, 2026.

On January 8, 2025, the Company closed the second of two tranches of the Offering by issuing 2,757,000 Units at $0.55 per Unit for aggregate gross proceeds of $1,516,350. The Company paid the Agent a cash commission of $106,145, Agent's legal fees and reimbursements of $37,752 and incurred corporate legal counsel fees of $31,335 and other expenses of $8,750 related to the Offering. Per the Agency Agreement, the Company issued 192,990 Agent Warrants at an exercise price of $0.55 and expiring on July 8, 2026.

Reverse Takeover

On December 13, 2024, the Company completed a "three-cornered" amalgamation with Opco and Subco. Upon closing of the Amalgamation, the Company acquired legal control of Opco; however, as the shareholders of Opco gained voting control of the Former Mojave pursuant to the issuance of the Company's common shares to the shareholders of Opco, representing a significant majority interest, Opco is determined to be the accounting acquirer and, consequently, the transaction has been accounted for as a reverse acquisition of the Former Mojave by Opco. As the Former Mojave does not meet the definition of a business, the Transaction is accounted for as a reverse acquisition of net assets, pursuant to IFRS 2, Share-based Payment.

The Amalgamation resulted in an issuance of 73,235,057 common shares of the Company to Opco shareholders, an issuance of 1,437,500 share purchase warrants with an exercise price of $0.60 to Former Mojave warrant holders, and an issuance of 3,399,900 share purchase warrants with an exercise price of $0.11 to Former Mojave warrant holders.

In connection with the reverse takeover, the Company also incurred cash transaction fees of $571,492. Cash acquired from the reverse takeover was $9,287, net of cash transaction fees, resulting in a net cash payment of $562,205. The acquisition date fair value of the consideration transferred by Opco for its interest in the Company of $4,998,990 is determined based on the fair value of the equity interest Opco would have had to give the owners of the Former Mojave, before the reverse acquisition, to provide the same percentage of equity interest in the combined entity that results from the reverse acquisition.

During the year ended December 31, 2024, listing expense related to the reverse takeover was calculated as follows:

	Amount $
Fair value of common shares issued to Opco Shareholders	3,276,146
Fair value of warrants deemed issued to Former Mojave warrant holders	1,151,352
Transaction costs	571,492
Total fair value of consideration	4,998,990
Fair value of assets acquired and liabilities assumed:	
Cash	9,287
Other assets	680,145
Accounts payable and accrued liabilities	(684,018)
Other liabilities	(158,560)
Acquisition date fair value of net liabilities assumed	(153,146)
Listing expense	5,152,136

The fair value of 1,437,500 share purchase warrants deemed issued to Former Mojave warrant holders was $163,044 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.11%
Expected life	0.58 years
Expected volatility	162%
Expected dividends	0%

The fair value of 3,399,900 share purchase warrants deemed issued to Former Mojave warrant holders was $988,308 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.03%
Expected life	1.01 years
Expected volatility	192%
Expected dividends	0%

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Light AI Technologies Inc. In accordance with the reverse takeover accounting, the consolidated financial statements include the historical results and figures of Opco. The Company's accounts and results are consolidated from the transaction date, being December 13, 2024. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Investment Tax Credits

The Company may make claims under Canada Scientific Research and Experimental Development program ("SR&ED"), which on March 26, 2026 was revised for financial years commencing on or after December 16, 2024. Under the revised SR&ED, tax credits will be refundable to the Company. The Company accounts for SR&ED refundable tax credits as a reduction of research and development expenses in the period the related expenditures are incurred and there is reasonable assurance that the credit will be realized. Prior year non-refundable credits are treated as a reduction to tax expense.

As at March 31, 2026 and December 31, 2025 the Company reported no tax credit receivable from the Canada Revenue Agency.

Selected Financial Data - Summary of Quarterly Results

The following selected financial information is derived from the unaudited condensed interim financial statements prepared in accordance with IFRS. Certain historical quarterly figures have been reclassified to conform to current presentation.

	March 31, 2026 $	December 31, 2025 $	September 30, 2025 $	June 30, 2025 $
Other income (expense)	22,882	29,472	43,741	74,664
Research and development expenses	815,485	809,496	1,183,492	1,415,145
Marketing and investor relations	391,899	112,115	623,853	2,149,897
General and administrative expenses	858,236	1,355,231	3,814,063	553,582
Net and comprehensive loss	2,062,424	2,256,360	5,553,815	4,025,147
Listing expense	-	-	-	-
Basic and diluted loss per share	0.02	0.02	0.05	0.03
Net Working Capital	3,691,436	5,445,333	6,823,182	8,886,976
Total assets	4,958,820	6,939,627	8,521,771	10,757,166

	Mar 31, 2025 $	Dec 31, 2024 $	Sep 30, 2024 $	Jun 30, 2024 $
Other income	17,315	(1,150)	5,850	-
Research and development expenses	1,217,243	947,403	699,646	1,095,359
Marketing and investor relations	2,411,839	796,460	683,242	298,261
General and administrative expenses	694,443	637,823	556,674	570,130
Net and comprehensive loss	4,290,470	7,324,234	1,938,284	1,950,952
Listing expense	-	5,152,136	-	-
Basic and diluted loss per share	0.04	0.23	0.16	0.16
Net Working Capital	12,618,241	14,644,568	(3,878,765)	(3,263,418)
Total assets	14,971,694	17,127,613	1,573,109	2,527,202

Three months ended March 31, 2026 ("Q1 2026") compared to Three Months Ended December 31, 2025 ("Q4 2025") and three months ended March 31, 2025 (Q1 2025")

During the three months ended March 31, 2026 the Company incurred a net and comprehensive loss of $2,062,424, inclusive of noncash, share-based compensation expense of $308,201, compared with the preceding quarter net and comprehensive loss of $2,256,360, inclusive of share-based compensation expense of $932,456, and compared to $4,290,470, inclusive of share based compensation expense of $134,305 for the same period of the prior year.

Research and Development ("R&D")

During Q1 2026, the Company recorded $815,485 (Q1 2025 - $1,217,243) in total research and development expenses. During Q4 2025, the Company recorded $809,496 in total research and development expenses, inclusive of research and prototype development expenses. The Company engages third-party product development service providers to augment its internal resources. The decrease in the most recent two quarters over Q1 2025 is due to a reduction in third-party product development service providers as the Company nearing completion of its current product development activities as it plans to shift focus to testing and regulatory initiatives for anticipated commercialization.

Marketing and Investor Relations

During Q1 2026 the Company incurred $391,899 relating to marketing and investor relations expenses, of which $244,926 was due to third party contracts for marketing and investor relations services. Third party contracts included $9,000 for market making services, $15,750 for Commodity Partners Inc, a company related to a director of the Company, and $154,895 for service contracts entered into during the same quarter of the prior year. This represented an increase of $279,784 over marketing and investor relations expenses for Q4 2025 of $112,115, primarily due to the final expensing of the contracts entered into in Q1, 2025. Prepaid expenses relating to these marketing contracts were fully realized during the quarter.

During Q1 2025 the Company entered into third party contracts for marketing, investor relations and related services totalling $3,077,408. During Q1 2025 the Company incurred $2,411,839 relating to marketing and investor relations expenses, $2,029,547 of which related to third party contracts as follows:

1) In the year ended December 31, 2024, the Company had engaged Outside the Box Capital Inc. to manage a video sponsorship program with Beast Philanthropy Productions LLC relating to a video production on heart surgeries in Nigeria. During Q1, 2025 the Company recorded and expense of $719,126 (USD 500,000) to Beast Philanthropy Productions LLC and $206,434 to Out of the Box Capital Inc. The video production was disseminated online in February 2025.

2) During Q1, 2025 the Company expensed $27,273 for market making activities.

3) During Q1, 2025 the Company expensed investor relations and marketing fees paid to consultants of $1,076,714 which included digital media and marketing campaigns, business development, content creation:

a)	Senergy Communications Capital Inc.	$100,000
b)	New Era Publishing Inc.	$431,475
c)	MIC Market Information & Content Publishing GmbH	$235,268
d)	Entourage Group Inc.	$133,757
e)	Begskogar Limited, DBA Scandinavian Alliance	$132,348
f)	Capital Gains Media Inc.	$17,978
g)	Direct to Investor Media LLC	$25,888

Investor relations expenses were reduced in the most recent two quarters as earlier third-party contracts reached completion, and as a result of the Company prudently managing its operating expenses during its primary focus on product development and regulatory initiatives.

General and Administrative

General and administrative expenses are comprised of non-cash share-based compensation expenses, administrative salaries, accounting, tax and legal professional fees, public company related fees, office and general expenses. Non-cash share-based compensation expense relates to vested stock options, warrants and deferred share units (DSUs).

During Q1, 2026 the company incurred $858,236 (Q1, 2025 – $694,443, Q4 2025 – $1,355,231) in general and administration expense. General and administrative expense included non-cash share-based compensation expense of $308,201 for Q1, 2026 (Q1 2025 - $134,305, Q4 2025 - $932,456). In Q1, 2026 and Q1, 2025 share-based compensation expense was due to vested options. For Q4, 2025 share-based compensation expense included $165,000 related to DSUs.

Excluding non-cash share-based compensation expense, general and administration expense was $550,035 for Q1 2026 (Q1 2025 - $560,138, Q4 2025 - $422,775). General and administration includes legal and regulatory costs realized in the quarter.

Other Items

During Q1 2026, other items included $19,686 foreign exchange loss (Q1 2025 - $15,740 foreign exchange gain and Q4 2025 - $8,990 foreign exchange loss) and $22,882 attributable to interest income (Q1 2025 - $17,315 and Q4 2025 - $29,472).

Share Capital

Authorized:

Unlimited common voting shares, without par value.

As at March 31, 2026, there were 122,352,735 common shares issued and outstanding.

During the three months ended March 31, 2026, the Company did not realize any share transactions.
During the three months ended March 31, 2025, the Company realized the following share transactions:

1) On January 8, 2025, the Company closed the second of two tranches of the Offering by issuing 2,757,000 units of the Company at $0.55 per unit for aggregate gross proceeds of $1,516,350. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at $0.80 per common share until July 8, 2026. The Company paid the Agent a cash commission of $106,145 and Agent's legal fees and reimbursements of $37,752. The Company paid its corporate legal counsel fees of $31,335 and other related expenses of $8,750. Per the Agency Agreement, the Company issued 192,990 Agent Warrants at an exercise price of $0.55 and expiring on July 8, 2026;

2) Issued 1,891,164 common shares for gross proceeds of $797,282 relating to the exercise of warrants during the three months ended March 31, 2025.

During the period from April 1, 2025 to December 31, 2025, the Company realized the following share transactions:

3) Issued 1,510,750 common shares for gross proceeds of $164,523 relating to the exercise of warrants during the three months ended June 30, 2025;

4) Issued 345,150 common shares for gross proceeds of $37,967 relating to the exercise of warrants during the three months ended September 30, 2025;

5) Issued 600,000 common shares for gross proceeds of $60,000 relating to the exercise of stock options during the three months ended September 30, 2025; and

6) Issued 1,775,000 common shares for gross proceeds of $195,250 relating to the exercise of warrants during the three months ended December 31, 2025.

Escrowed shares and contractual agreements

Escrow Agreement

In connection with the closing of the reverse takeover, the Company entered into an escrow agreement with the transfer agent. As at March 31, 2026, an aggregate of 2,363,401 (December 31, 2025 – 4,726,798) common shares were held in escrow. The common shares will be released from escrow pursuant to the following release schedule:

1) 2,363,401 common shares, representing the remaining escrowed shares, will be released from escrow on July 8, 2026.

Contractual Agreements

Pursuant to contractual agreements with the Company, as at December 31, 2025 there were 9,747,886 common shares restricted from trading with the following release schedule:

1) 400,000 common shares will be released April 8, 2026;
2) 2,636,964 common shares will be released on July 8, 2026;
3) 2,236,964 common shares will be released on January 8, 2027;
4) 2,236,964 common shares will be released on July 8, 2027; and
5) 2,236,994 common shares will be released on January 8, 2028.

Stock Options

After the completion of the Amalgamation, the Company adopted an Equity Incentive Plan (the "Plan") under which it is authorized to grant options to its directors, officers, employees, management company employees and consultants enabling them to acquire up to 15% of the issued and outstanding shares of the Company. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed ten (10) years from the date of grant. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company.

Pursuant to the escrow agreement, as at March 31, 2026 there were 542,171 stock options held in escrow until July 8, 2026. The following is a summary of the Company's stock option activity during the three months ended March 31, 2026 and the year ended December 31, 2025:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Outstanding, December 31, 2024	7,113,945	$0.33	2.10
Issued	5,573,000	$0.70	9.43
Issued	250,000	$0.34	9.24
Issued	225,000	$0.24	9.43
Options cancelled	(1,256,470)	$0.36	-
Options cancelled	(500,000)	$0.70	-
Options exercised	(600,000)	$0.10	-
Outstanding, December 31, 2025	10,805,475	$0.51	5.68
No Activity	-	-	-
Outstanding, March 31, 2026	10,805,475	$0.51	5.43
Unvested	(3,294,664)	$0.66	8.86
Exercisable, March 31, 2026	7,510,811	$0.44	3.93

During the three months ended March 31, 2026, the Company recorded stock option expense of $308,201 (2025 - $134,305) for stock options that vested during the period.

On January 15, 2025, the Company granted 5,573,000 stock options that vest quarterly over 3 years with a ten-year term to directors, officers, employees and contractors having an exercise price of $0.70 and expiring January 15, 2035. These stock options were approved by the Company's shareholders at its annual general meeting on September 4, 2025. The fair value of stock options was $3,711,694, which is recognized as share-based compensation expense over the vesting period. During the three months ended March 31, 2026, the Company recognized $290,293 (2025: $817,025) of share-based compensation expense related to these stock options. As at March 31, 2026, of the total options granted, 500,000 options had been cancelled, 2,113,753 are vested and exercisable and 2,959,250 are unvested.

The fair value was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.45%
Expected life	Ten years
Expected volatility	120%
Expected dividends	0

On June 26, 2025, the Company granted 250,000 stock options that vest quarterly over 3 years with a ten-year term to the VP Commercial Development having an exercise price of $0.34 and expiring on June 26, 2035. These stock options were approved by Company's shareholders at its annual general meeting on September 4, 2025. The fair value of the stock options was $80,873, which is recognized as share-based compensation expense over the vesting period. During the three months ended March 31, 2026, the Company recognized $9,960 (2025: $nil) of share-based compensation expense related to these stock options.

The fair value was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.45%
Expected life	Ten years
Expected volatility	120%
Expected dividends	0

On September 4, 2025, the Company granted 225,000 stock options that vest quarterly over 3 years with a ten-year term to employees and contractors having an exercise price of $0.24 and expiring on September 4, 2035. The fair value of the stock options was $51,738, which is recognized as share-based compensation expense over the vesting period. During the three months ended March 31, 2026, the company recognized $7,948 (2025: $nil) of share-based compensation expense related to these stock options.

The fair value was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.45%
Expected life	Ten years
Expected volatility	120%
Expected dividends	0

As at March 31, 2026, the Company had the following options outstanding and exercisable:

Expiry Date	Exercise Price	Remaining Life (years)	Options Outstanding	Unvested	Exercisable
December 13, 2026	$0.25	0.70	755,000	-	755,000
December 13, 2026	$0.35	0.70	700,000	-	700,000
July 1, 2028	$0.36	2.25	3,802,475	-	3,802,475
January 15, 2035	$0.70	8.80	5,073,000	2,959,247	2,113,753
June 25, 2035	$0.34	9.24	250,000	166,667	83,333
September 5, 2035	$0.24	9.44	225,000	168,750	56,250
			10,805,475	**3,294,664**	**7,510,811**

Deferred Share Units ("DSUs")

On January 15, 2025, the Company granted 1,750,000 DSUs that vest immediately to directors and expiring on January 15, 2035. The DSUs were approved by the Company's shareholders at its annual general meeting on September 4, 2025. The fair value of the DSUs was $1,277,500, which was recorded as share-based payments during the year ended December 31, 2025.

On December 4, 2025, the Company granted 1,000,000 DSUs that vest immediately to directors. The fair value of the DSUs was $165,000 and recorded as share-based payments with $165,000 recorded as share based compensation expense during the three months ended December 31, 2025.

All DSUs were fully vested as at December 31, 2025. Accordingly, no share-based compensation expense related to DSUs was recognized during the three months ended March 31, 2026 (three months ended March 31, 2025: $nil).

Warrants

The following is a summary of the Company's warrant activity during the three months ended March 31, 2026 and the year ended December 31, 2025:

	Number of warrants	Weighted average exercise price	Weighted Average remaining life (yrs)
Outstanding, December 31, 2024	**25,060,965**	**$0.61**	**1.31**
Issued	1,571,490	$0.77	
Expired	(1,343,750)	($0.60)	
Exercised	(5,522,064)	($0.22)	
Outstanding, December 31, 2025	**19,766,641**	**$0.73**	**0.50**
Expired	(714,500)	($0.11)	
Outstanding, March 31, 2026	**19,052,141**	**$0.76**	**0.26**

On January 8, 2025, the Company closed the second of two tranches of the Offering by issuing 2,757,000 units of the Company at $0.55 per unit for aggregate gross proceeds of $1,516,350, of which $nil was allocated to the warrants under the residual value method. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at $0.80 per common share until July 8, 2026.

Per the Agency Agreement, the Company issued 192,990 Agent Warrants at an exercise price of $0.55 and expiring on July 8, 2026. The fair value of the 192,990 Agent Warrants was $81,687 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	2.91%
Expected life	1.50 years
Expected volatility	141%
Expected dividends	0%

During the three months ended March 31, 2026, no warrants were exercised (2025: proceeds of $797,282 from the exercise of 1,891,164 warrants).

As at March 31, 2026, no warrants were subject to resale restrictions.

As at March 31, 2026, the Company had the following warrants outstanding and exercisable:

Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Warrants Outstanding and Exercisable
24-Apr-26	$0.10	0.07	120,000
30-Jun-26	$0.80	0.25	15,196,100
30-Jun-26	$0.55	0.25	1,655,991*
8-Jul-26	$0.80	0.27	1,378,500
8-Jul-26	$0.55	0.27	192,990*
13-Dec-26	$0.25	0.70	508,560**
			19,052,141

* Agent Warrants
** Finders' Warrants

The weighted average price of the Company's outstanding warrants as at March 31, 2026 is $0.76.

Equity Financings

On January 8, 2025, the Company closed the second of two tranches of the Offering financing by issuing 2,757,000 units of the Company at $0.55 per unit for aggregate gross proceeds of $1,516,350. The Company on December 30, 2024 closed the first of two tranches of the Offering financing by issuing 30,878,200 units of the Company at $0.55 per unit for aggregate gross proceeds of $16,983,010. The aggregate amount of the two financing tranches is $18,499,360. The following table reflects the estimated use of proceeds for the equity financings completed compared with the use of proceeds to December 31, 2025, March 31, 2026 and estimated future use of proceeds:

	Estimated Use of Proceeds	Year Ended December 31, 2025	Three Months Ended March 31, 2026	Estimate Future Use of Proceeds
Research & Development	$ 5,553,761	$ 4,625,376	$ 815,485	$ 112,900
Regulatory initiatives	536,643	-	-	536,643
Sales and Marketing	2,050,296	-	-	2,050,296
Marketing and Investor relations	3,827,252	5,297,704	391,899	(1,862,351)
General and Administrative	2,586,854	2,091,068	547,248	(51,462)
Transaction Costs	2,869,136	2,869,136	-	-
Unallocated Funds	1,075,418	(420,441)		1,495,859
Total	$ 18,499,360	$ 14,462,843	$ 1,754,632	$ 2,281,885

The Company anticipates the future use of the remaining proceeds to be used for investment in its future new product initiatives, incremental sales and marketing activities, general working capital purposes and for potential future strategic initiatives.

Staffing Levels

The Company has a total of seven employees as at March 31, 2026 which excludes contractors engaged by the Company.

Liquidity and Capital Resources

Capital Management

The Company's capital management objective is to ensure that the Company's balance sheet is capitalized in a manner which appropriately supports working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position and, to that end, the Company regularly assesses its capital management practices in response to changing economic conditions. The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, business expansion and other strategic objectives.

The Company's historical source of funding has included short-term debt, loans and issuances of debt and equity. At March 31, 2026, the Company had Net Working Capital of $3,691,436 (December 31, 2025- $5,445,333), cash and cash equivalents of $4,555,634 (December 31, 2025 - $6,455,977), current liabilities of $1,248,674 (December 31, 2025 - $1,475,258) and had a deficit of $ 45,639,208 (December 31, 2025 - $43,567,784). The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and obtain additional capital, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. The Company is currently pre-revenue and therefore the Company's ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product.

"Net Working Capital" is a non-IFRS term and is comprised of current assets less current liabilities. Management believes Net Working Capital is a useful indicator for investors, and is used by management, for evaluating the operating liquidity to the Company. Such non-IFRS measures and non-IFRS ratio do not have a standardized meaning under IFRS and may not be comparable to a similar measure disclosed by other issuers. Management believes Net Working Capital is a useful indicator for investors, and is used by management, for evaluating the operating liquidity to the Company.

See "Liquidity and Capital Resources - Cash, Restricted Cash, and Net Working Capital" for a quantitative reconciliation of Net Working Capital to the most directly comparable financial measure. The decrease in Net Working Capital over the three months ended March 31, 2026 was primarily due to the net operating loss incurred.

Net Working Capital Reconciliation	March 31, 2026	December 31, 2025
Current Assets	$ 4,940,110	$ 6,920,591
Less: Current Liabilities	1,248,674	1,475,258
Adjusted Working Capital Reconciliation	$ 3,691,436	$ 5,445,333

Cash Flows

Net cash outflows in operating activities during the three months ended March 31, 2026 were $1,897,882 (2025 – $5,197,253). The cash used in operating activities during the three months ended March 31, 2026 consisted primarily of net operating losses of $2,062,424 (2025 – $4,290,470) and changes in working capital balances. During the three months ended March 31, 2025 the Company used $1,021,409 from the increase in prepaid expenses, primarily for investor relations and marketing activities.

During the three months ended March 31, 2026 the Company used $2,461 for investing activities for the purchase of equipment, and did not report any financing activities that had an impact on cash.

Net cash inflows from financing activities during the three months ended March 31, 2025 included net proceeds of $1,332,368 from the issuance of common shares, $797,282 from proceeds on exercise of warrants, and $232,362 in cash outflow for payment of convertible debenture interest.

As a result of the above items, the Company had cash of $4,555,634 at March 31, 2026, which decreased from $6,455,977 as at December 31, 2025.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key Management includes directors and key officers of the Company, including the Chief Executive Officer ("CEO"), the Chief Operating Officer ("COO"), The Chief Innovation Officer ("CIO"), the President and Chief Technology Officer ("CTO"), the Chief Financial Officer ("CFO"), and a director of the Company.

At March 31, 2026 there was $20,000 (December 31, 2025 - $Nil) owing to the former CFO, $Nil (December 31, 2025 - $43,692) owing to the former president and CTO, and $6,958 (December 31, 2025 - $Nil) owing to a director of the Company.

The Company had the following related party transactions during the three months ended March 31, 2026 and 2025:

	March 31, 2026 $	March 31, 2025 $
CEO – General and Administrative	105,113	-
CIO, Director and former CEO – R&D	119,967	125,404
Close family of former CEO	23,750	-
Director and Board Chair	20,491	-
Director and former consultant - Marketing	15,000	30,000
Former CTO – R&D	-	187,230
Former COO – R&D	-	107,754
Former CFO * – Accounting and Audit	71,649	95,064
Former CFO – Accounting and Audit	-	48,000
Total fees	355,970	593,452

* Resigned during three months ended March 31, 2026

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements. There are not proposed off-balance sheet arrangements by the Company as at March 31, 2026 or as at the date of this management discussion and analysis.

Financial Instruments

Fair Values

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments consist of cash and cash equivalents, and accounts payable. In management's opinion, the Company's carrying values of cash and cash equivalents, and accounts payable approximate their fair values due to the immediate or short-term maturity of these instruments.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company does not believe there has been any significant changes in risk from the prior period. The following analysis provides information about the Company's risk exposure and concentration as of March 31, 2026 and December 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Company mitigates this risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed.

All contractual financial liabilities are due within one year after the date of these financial statements.

At March 31, 2026 the Company had total current assets of $4,940,110, including cash balance of $4,555,634, to settle current liabilities of $1,248,674. As a result, the Company is not exposed to liquidity risk at March 31, 2026.

Market risk

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

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash and cash equivalents and accounts payable and accrued liabilities held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The following balances represent the U.S. dollar cash and accounts payable and accrued liabilities held by the Company, denominated in Canadian dollars.

	March 31, 2026	**December 31, 2025**
	$	$
Cash	241	3,110
Accounts payable and accrued liabilities	335,696	425,650

Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

Significant Accounting Judgments, Estimates and Assumptions

Research versus development expenses

The accounting for research and development expenses differs with research expenses recognized in the consolidated statements of loss and comprehensive loss during the period incurred, whereas development expenses are recognized as an intangible asset in the consolidated statements of financial position when incurred. The Company’s operations, from time to time, may include both research and development activities. Management has used judgement to determine whether activities should be recognized as research expenses or as an intangible asset for development expenses. To date, management has determined that its activities are research activities and has not incurred any expenses that would qualify as recognition as an intangible asset in the consolidated statements of financial position.

Investment Tax Credits

The Company acts in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, in accounting for Scientific Research and Experimental Development tax credits (SR&ED). Refundable SR&ED tax credits are recorded as a reduction of research and development expenses in the period the related expenditures are incurred and there is reasonable assurance that the credit will be realized. Non-refundable credits that are not immediately refundable are treated as reductions of tax expense.

Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Accounting for the acquisitions

The Company applies significant judgment to conclude whether an acquired set of activities and assets is a business. The acquisition of a business is accounted for as a business combination, under IFRS 3. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition. The Company also applied judgment in identifying the assets acquired and evaluating which IFRS standard the asset should be measured in.

Significant estimates made by management include the following:

Recognition and Valuation of Deferred Tax Assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities of the particular legal entity in which the deferred tax assets have been recognized.

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless Management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Outstanding Share Data

As at March 31, 2026, there were:

1) 122,352,735 common shares issued and outstanding;
2) 755,000 stock options outstanding at an exercise price of $0.25 and expire on December 13, 2026;
3) 700,000 stock options outstanding at an exercise price of $0.35 and expire on December 13, 2026;
4) 3,802,475 stock options outstanding at an exercise price of $0.36 and expire on July 1, 2028;
5) 5,073,000 stock options outstanding at an exercise price of $0.70 and expire on January 15, 2035;
6) 250,000 stock options outstanding at an exercise price of $0.34 and expire on June 25, 2035;
7) 225,000 stock options outstanding at an exercise price of $0.24 and expire on September 5, 2035;
8) 1,750,000 deferred share units (DSUs) outstanding ;
9) 15,196,100 warrants outstanding at an exercise price of $0.80 and expire on June 30, 2026;
10) 1,378,500 warrants outstanding at an exercise price of $0.80 and expire on July 8, 2026;
11) 120,000 warrants outstanding at an exercise price of $0.10 and expire on April 24, 2026;
12) 1,655,991 agent warrants outstanding at an exercise price of $0.55 and expire on June 30, 2026;

13) 192,990 agent warrants outstanding at an exercise price of $0.55 and expire on July 8, 2026; and
14) 508,560 finders' warrants outstanding at an exercise price of $0.25 and expire on December 13, 2026.

As at the date of this report there were:

1) 122,352,735 common shares issued and outstanding;
2) 755,000 stock options outstanding at an exercise price of $0.25 and expire on December 13, 2026;
3) 700,000 stock options outstanding at an exercise price of $0.35 and expire on December 13, 2026;
4) 3,802,475 stock options outstanding at an exercise price of $0.36 and expire on July 1, 2028;
5) 5,073,000 stock options outstanding at an exercise price of $0.70 and expire on January 15, 2035;
6) 250,000 stock options outstanding at an exercise price of $0.34 and expire on June 25, 2035;
7) 225,000 stock options outstanding at an exercise price of $0.24 and expire on September 5, 2035;
8) 1,750,000 deferred share units (DSUs) outstanding ;
9) 15,196,100 warrants outstanding at an exercise price of $0.80 and expire on June 30, 2026;
10) 1,378,500 warrants outstanding at an exercise price of $0.80 and expire on July 8, 2026;
11) 120,000 warrants outstanding at an exercise price of $0.10 and expire on April 24, 2026;
12) 1,655,991 agent warrants outstanding at an exercise price of $0.55 and expire on June 30, 2026;
13) 192,990 agent warrants outstanding at an exercise price of $0.55 and expire on July 8, 2026; and
14) 508,560 finders' warrants outstanding at an exercise price of $0.25 and expire on December 13, 2026.

Directors and Officers

On January 27, 2025, Darren Tindale resigned as an officer of the Company and George Reznik was appointed as Chief Financial Officer and Corporate Secretary.

On April 1, 2025, the Company appointed Antony Schaller as President and Chief Technology Officer of the Company. Antony Schaller resigned on November 30, 2025

On September 4, 2025, Thomas Scarnecchia resigned as Chief Operating Office of the Company.

On October 21, 2025, the Company appointed Robert Cartagena and Mario Vetro as directors and Hugh Cleland resigned as a director of the Company.

One January 19, 2026, the company appointed John R. Luna as Chief Executive Officer.

On January 23, 2026, the company's Chief Financial Officer and Corporate Secretary, George Reznik, resigned.

On May 1, 2026, Mark Orsmond was appointed as CFO of the Company and Mark Attanasio resigned as Director and Audit Committee Chair.

On May 13, 2026 Robert Cartagena was appointed to the Audit Committee.

Risk Factors

An investment in the Company, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to:

Loss of entire investment

An investment in the Company is speculative and may result in the loss of an investor's entire investment. Only investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Company.

Market Price of Common shares and Volatility
Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to the

Company's performance that may affect the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the common shares may affect an investor's ability to trade significant numbers of common shares; the size of the Company's public float may limit the ability of some institutions to invest in common shares; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the common shares to be delisted from the CBOE Canada Exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The market price of the common shares is affected by many other variables which are not directly related to the Company's success and are, therefore, not within its control. These include other developments that affect the breadth of the public market for the common shares, the release or expiration of lock-up, escrow or other transfer restrictions on the common shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares is expected to make the common Share price volatile in the future, which may result in losses to investors.

No Dividends

The Company has never paid any cash or stock dividends and it does not intend to pay any dividends for the foreseeable future. To the extent that the Company require additional funding currently not provided for in its financing plan, its funding sources may prohibit the payment of any dividends. Because the Company does not intend to declare dividends, any gain on your investment will need to result from an appreciation in the price of the common shares. There will therefore be fewer ways in which you are able to make a gain on your investment.

Risks Relating to the Business of the Company

Limited Operating History

The Company has a limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, larger and well-capitalized competitors, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Investment in the Company carries a high degree of risk and should be considered as a speculative investment. The Company is a clinical stage medical device company with a limited operating history, specializing in software as a medical device.

Former Light AI was founded in 2015. As a result of its limited operating history, its ability to forecast future results of operations is limited and subject to a number of uncertainties, including inability to plan for future growth.

The Company has encountered and the Company will encounter risks and uncertainties frequently experienced by growing companies in life sciences industries, such as risks and uncertainties related to:

- Health Canada regulatory approval:
- FDA and CE regulatory approval:
- market acceptance of its platform and products;
- reliability and scalability of its platform and products;
- success of its artificial intelligence initiative;
- results of clinical research programs;
- obtaining reimbursement authorization from government and other healthcare payors;
- adding channel partners and customers and entering new vertical markets;
- the successful expansion of its business beyond automatic diagnosis of GAS;

- competition from incumbents and other disruptive technologies;
- its ability to control costs, particularly product development, manufacturing and sales and marketing expenses; and
- general economic and political conditions.

If the Company does not address these risks successfully, its business, results of operations, cash flows, financial condition and financing plans may be adversely affected.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. Given the Company's early stage, the Company's net income and cash flow may differ materially from the projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company has a history of losses and the Company will continue to incur significant expenses and may be unable to generate revenues

The Company recorded a net loss and comprehensive loss of $2.06 million for the three months ended March 31, 2026 and recorded net losses and comprehensive losses of $16.1 million and $13.1 million for the fiscal years ended December 31, 2025 and December 31, 2024, respectively. As of March 31, 2026, the Company had an accumulated deficit of $45,639,208. The Company has not received approval from the FDA for Light.AI and none of its products have been approved for commercial sale by any regulatory authority. The Company has not generated any revenue from product sales to date nor does it have any firm orders from customers. The Company will continue to incur significant research and development and other expenses related to ongoing operations, which expenses are expected to continue even after products are available for commercial sales.

The Company may be unable to generate revenues or establish a subscription-based revenue model

The Company's business plan assumes that it will successfully receive orders and generate revenues. In order for the Company to generate substantial revenues and establish its products, it must achieve the milestones under its business plan and secure orders from potential customers. The Company is currently in the early stages of developing its business, and the Company may not be able to succeed with respect to these efforts.

Many factors may adversely affect the Company's ability to establish a viable and profitable business, including, but not limited to:

- Failure to articulate or effectively educate the market of the perceived benefits of the Company's artificial intelligence solution, or failure to persuade reimbursement authorities or customers that such benefits justify the additional cost over incumbent or other solutions or technologies;
- Reluctance on the part of healthcare providers and patients to adopt AI-based diagnostic solutions, especially in regions where traditional diagnostic methods like throat swabs and RADTs are deeply entrenched;
- Failure to develop and offer solutions that satisfy customers' needs;
- Introduction of competitive offerings by other companies, including many that are larger, better financed and more well-known than the Company;
- Inability to fulfill existing agreements or enter into satisfactory agreements relating to the integration of its platform with products of other companies to pursue particular vertical markets, or the failure of such relationships to achieve their anticipated benefits;
- Failure to provide adequate channel partners and customer support;
- Long sales cycles for customers in the healthcare markets; and
- Failure to generate broad customer acceptance of or interest in its artificial intelligence solutions.

If the Company fails to generate revenues and develop a successful business, its business, results of operations and financial condition will suffer, and you may lose all or part of your investment in the Company.

The report of the Company's independent auditor on its 2025 and 2024 audited consolidated financial statements contains an explanatory paragraph regarding its ability to continue as a going concern

The Company is currently pre-revenue and therefore its ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Company will receive sufficient additional financing to complete the product, or that the produce will be commercial successful.

The Company's auditor included an explanatory paragraph on its report on the audited consolidated financial statements for 2025 and 2024 noting that these conditions may cast significant doubt upon The Company's ability to continue as a going concern.

Substantial doubt about the Company's ability to continue as a going concern may materially and adversely affect the price per share of the Company shares and make it more difficult for the Company to obtain financing.

If the Company is unable to obtain sufficient capital, its business, financial condition, and results of operations will be materially and adversely affected, and it will need to obtain alternative financing or significantly modify its operational plans to continue as a going concern. Further, given the Company's planned expenditures for the next several years, its auditors are likely to conclude, in connection with the preparation of its financial statements for 2026 or any subsequent period that there continues to be substantial doubt regarding the Company's ability to continue as a going concern. The Company has prepared, and the Company intends to prepare, its financial statements on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company's financial statements do not, and the Company does not plan to include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Company be unable to continue in existence.

The Company expects to require additional capital to support its business, and this capital might not be available on acceptable terms, if at all

The Company intends to continue to make investments to support its business and will likely require additional funds. In particular, the Company expects to seek additional funds to develop new products and cover the cost of the clinical trials in respect of those products, enhance its platform and expand its operations, including its sales and marketing organizations. Accordingly, the Company expects to engage in equity and/or debt financings to secure additional funds. If the Company raises additional funds through future issuances of equity or convertible debt securities, you could suffer significant dilution, and any new equity securities the Company issues could have rights, preferences and privileges superior to those of holders of the Company Shares. Any debt financing that the Company may secure in the future could involve debt service obligations and restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for it to obtain additional capital and to pursue business opportunities, and it may be obligated to issue equity securities to the providers of that financing. The Company may not be able to obtain additional financing on terms favorable to it, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it when required, the Company's ability to continue to support its business growth, scale its infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and its business, results of operations and financial condition may be significantly adversely affected.

The Company may never achieve profitability

Because of the numerous risks and uncertainties associated with disruptive artificial intelligence technology, the Company is unable to accurately predict the timing or amount of future revenue or expenses or when, or if, it will be able to achieve profitability. The Company has financed its operations primarily through convertible loans and the issuance and sale of equity. The size of the Company's future net losses will depend, in part, on the rate of growth or contraction of its expenses and the level and rate of growth, if any, of its revenues. The Company expects to continue to expend substantial financial and other resources on, among other things:

- investments to expand and enhance its platform and technology infrastructure, make improvements to the scalability, availability and security of its platform, and develop new products;

- acquiring additional data to be used as training data for its platform and enriching that data through a verification process;
- sales and marketing, including expanding its indirect sales organization and marketing programs, and expanding our programs directed at increasing its brand awareness among current and new customers;
- planning and conducting clinical trials to obtain regulatory and reimbursement approval for the commercialization of its products;
- expansion of the Company's operations and infrastructure, both domestically and internationally; and
- general administration, including legal, accounting and other public company expenses.

If the Company is unable to successfully commercialize its products or if revenue from any products that receive marketing approval is insufficient, the Company will not achieve profitability. Furthermore, even if the Company successfully commercializes its products, its planned investments may not result in increased revenue or growth of its business.

The Company may not be able to generate net revenues sufficient to offset its expected cost increases and planned investments in its business and platform. As a result, the Company may incur significant losses for the foreseeable future, and may not be able to achieve and sustain profitability. If the Company fails to achieve and sustain profitability, then it may not be able to achieve its business plan, fund its business or continue as a going concern.

The Company will depend on its senior management team and other key employees, and the loss of one or more key employees could adversely affect its business

The Company's success depends largely upon the continued services of its executive officers and directors. The Company will rely on its leadership team and other mission-critical individuals in the areas of research and development, technology development and support, marketing, sales, services and general and administrative functions. From time to time, the Company may need to identify and retain additional skilled management and personnel to efficiently operate its business. The number of persons skilled in the healthcare technology sector is limited and as new entrants enter this business, competition for such persons may intensify. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of such recruitment and retention. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. The loss of one or more of the Company's executive officers or key employees, could have a material adverse effect on its business. Also, the Company will not have any key person life insurance policies on officers and directors.

The Company's ability to attract, train and retain qualified employees is crucial to its results of operations and any future growth

To execute the Company's growth plan, it must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for scientists and engineers with high levels of experience, senior sales executives and professional services personnel with appropriate financial reporting experience. The Company expects to experience difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which the Company competes for experienced personnel have greater resources than it has. If the Company hires employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that the Company has induced such breaches, resulting in a diversion of time and resources. If the Company fails to attract new personnel or fails to retain and motivate its current personnel, its business and future growth prospects could be adversely affected.

The Company's quarterly results may fluctuate significantly and period-to-period comparisons of its results may not be meaningful

The Company's quarterly results, including the levels of future revenue, if any, its operating expenses and other costs, and its operating margins, may fluctuate significantly in the future, and period-to period comparisons of its results may not be meaningful.

This may be especially true to the extent that the Company does not successfully establish a backlog of orders for its products. Accordingly, the results of any one period should not be relied upon as an indication of the Company's future performance. In addition, the Company's quarterly results may not fully reflect the underlying performance of its business.

Factors that may cause fluctuations in the Company's quarterly results include, but are not limited to:

- the timing of regulatory approvals for its products;
- its ability to successfully establish its business model;
- its ability to attract and retain its channel partners, customers and to expand its business;
- enacted or pending legislation and reimbursement rates effecting the healthcare industry;
- results of its clinical research efforts and positions of key opinion leaders;
- changes in its pricing policies or those of its competitors;
- the impact of the relatively long sales cycle that is typical of customers in the Company's industry, which are large hospitals and healthcare delivery organizations;
- the timing of the Company's recognition of revenue and the mix of revenues during the period;
- the amount and timing of operating expenses and other costs related to the maintenance and expansion of its business, infrastructure and operations;
- the amount and timing of operating expenses and other costs related to the development or acquisition of businesses, services, technologies or intellectual property rights;
- the timing and impact of security breaches, service outages or other performance problems with its technology infrastructure and software solutions;
- the timing and costs associated with legal or regulatory actions;
- changes in the competitive dynamics of its industry, including consolidation among competitors, channel partners or customers;
- loss of executive officers or other key employees;
- industry conditions and trends that are specific to the vertical markets in which the Company intends to sell its solutions;
- disruptions of or interference with its channel partners' services; and
- general economic and market conditions.
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Fluctuations in quarterly results may negatively impact the value of the Company shares, regardless of whether they impact or reflect the overall performance of its business.

Currency exchange rate fluctuations affect the Company's results of operations, as reported in its financial statements

Some of the Company's future revenues will be transacted in foreign currencies, such as U.S. dollars. However, substantially all of the research and development expenses of the Company's Canadian operations, as well as a portion of the cost of revenues, selling and marketing, and general and administrative expenses of its Canadian operations, are (or will be, as appropriate) incurred in Canadian dollars. As a result, the Company will be exposed to exchange rate risks that may adversely affect its financial results.

If the Canadian dollar appreciates against the U.S. dollar or if the value of the Canadian dollar declines against the U.S. dollar or other foreign currencies at a time when the rate of inflation in the cost of Canadian goods and services exceeds the rate of decline in the relative value of the Canadian dollar, then the U.S. dollar or other foreign currency costs of the Company's operations in Canada would increase and its results of operations would be adversely affected. The Company's Canadian operations also could be adversely affected if it is unable to effectively hedge against currency fluctuations in the future. The Company cannot predict any future trends in the rate of inflation in Canada or the rate of devaluation (if any) of the Canadian dollar against the U.S. dollar or other foreign currencies.

From time to time the Company may engage in currency hedging activities. Those measures, however, may not adequately protect it from material adverse effects due to the impact of inflation in Canada or from fluctuations in the relative values of the U.S. dollar and the Canadian dollar, and may result in a financial loss.

The Company may pursue the acquisition of other companies, businesses or technologies, which could be expensive, divert its management's attention and/or fail to achieve the expected benefits

As part of the Company's growth strategy, it may acquire businesses, services, technologies or intellectual property rights that it believes could complement, expand or enhance the features and functionality of its platform and its technical capabilities, broaden its service offerings or offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause the Company to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are consummated.

Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect the Company's operating results and financial condition. In addition, the Company may experience difficulties in integrating the acquired personnel, operations and/or technologies successfully or effectively managing the combined business following the acquisition. The Company also may not achieve the anticipated benefits from the acquired business and may incur unanticipated costs and liabilities in connection with any such acquisitions. If any of these results occurs, the Company's business and financial results could be adversely affected.

Risks Related to the Company's Business and Industry

Artificial intelligence and machine learning is a relatively new and unproven technology, and it may decline or experience limited growth, which would adversely affect its ability to fully realize the potential of its platform. Evaluating the size and scope of the market is subject to a number of risks and uncertainties. Future success will depend in large part on the growth of this market. The utilization of artificial intelligence and machine learning for diagnostic and decision-making support is new, and physicians may not recognize the need for, or benefits of, the Company's platform. This may prompt them to reject or cease use of its platform or decide to adopt alternative products and services to satisfy their requirements. Even if this market does grow, the Company's ability to expand its business and extend its market position depends upon a number of factors, including the cost, performance and perceived value of its platform and the applications the Company develops for it.

The perceived value of the Company's platform and the applications it develops for it may be a function of estimated cost savings by healthcare providers using the Light.AI platform, which may be difficult to accurately predict. Physicians may resist change from the current standard of practice.

The Company's market opportunity and cost saving estimates are subject to significant uncertainty and are based on assumptions and estimates, including internal analysis and industry experience

Assessing the market for the Company's solutions in each of the vertical markets it is planning to compete in is particularly difficult due to a number of factors, including limited available information and rapid evolution of the market. The market for the Light.AI platform and the applications the Company develops for it may fail to grow significantly or be unable to meet the level of growth the Company expects. As a result of these and other factors, the Company may experience lower than expected demand for its products and services due to lack of reimbursement authority, channel partner, hospital and/or physician acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other causes. If the Company's market does not experience significant growth, or if demand for its platform does not increase in line with its projections, then the Company's business, results of operations and financial condition will be adversely affected.

The Company anticipates generating a portion of its revenue from channel partners and to the extent no such revenue materializes, its business, results of operations and financial results will be materially harmed

The Company currently expects to depend on future revenues generated through a limited number of channel partners and a direct sales force. The Company does not currently have distribution contracts with any channel partners or any sales representatives deployed. If these partners are not satisfied with Light AI's products, they may not promote the Light.AI platform. Further, if these partners do not dedicate sufficient time to the commercialization of the Company's products or otherwise fail to comply with their obligations under the Company's agreements with them, then this may have an adverse effect on the Company's business and prospects.

These partners will not be obligated to deal with the Company exclusively and therefore may sell competing products or solutions. As a result, these partners may give higher priority to products or services of the Company's competitors,

thereby reducing their efforts in commercialization of the Company's products. Channel partner agreements may be terminated under specified circumstances. The termination of any such agreement or the failure of one of such partners to extend its relationship with the Company after the term of an agreement with it expires, could harm the Company's brand and reputation. A significant decline in any future revenue stream from channel partners would have a material adverse effect on the Company's business, results of operations and financial condition.

If the Company is not able to develop a strong brand for its platform and increase market awareness of the Company and its platform, then the Company's business, results of operations and financial condition may be adversely affected

The success of Light.AI will depend in part on the Company's ability to develop a strong brand identity for itself as a company and its products, and to increase the market awareness of its platform and the platform's capabilities. The successful promotion of the Company's brand will depend largely on its marketing efforts and its ability to ensure that its technology provides the expected benefits to its customers. It is important for the Company to be perceived as leaders in the GAS diagnostic market. The Company's brand promotion and thought leadership activities may not be successful or produce increased revenue. In addition, independent industry analysts may provide reviews of the Company's platform and of competing products and services, which may significantly influence the perception of the Company's platform in the marketplace. If these reviews are negative or not as positive as reviews of competitors' products and services, then the Company's brand may be harmed. The promotion of the Company's brand also requires substantial expenditures, and the Company anticipates that these expenditures will increase as its industry becomes more competitive and as it seeks to expand into new markets. These higher expenditures may not result in any increased revenue or in revenue that is sufficient to offset the higher expense levels. If the Company does not successfully maintain and enhance its brand, then its business may not grow, the Company may see its pricing power reduced relative to competitors and may lose customers, all of which would adversely affect the Company's business, results of operations and financial condition.

Failure to manage growth effectively could increase the Company's expenses, decrease its revenue and prevent the Company from implementing its business strategy

The Company's ability to generate revenues and achieve profitability will require substantial growth in its business, which will put a strain on its management and financial resources. To manage this and its anticipated future growth effectively, including as the Company expands into new clinical areas and geographic regions, it must maintain and enhance its platform and information technology infrastructure, as well as its financial and accounting systems and controls.

The Company also must attract, train and retain a significant number of qualified data scientists, software developers and engineers, technical and management personnel, sales and marketing personnel and customer and channel partner support personnel.

Failure to effectively manage growth could lead the Company to over-invest or under-invest in development and operations, result in weaknesses in its platform, systems or controls, give rise to operational mistakes, losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees.

The Company's growth could require significant capital expenditures and might divert financial resources from other projects such as the development of new products and services. If the Company's management is unable to effectively manage its growth, its expenses might increase more than expected, its revenue could decline or grow more slowly than expected, and the Company might be unable to implement its business strategy. The quality of the Company's products and services might suffer, which could negatively affect its reputation and harm its ability to retain and attract channel partners or customers.

If the Company is not able to enhance or introduce new applications for its platform or other new products that achieve market acceptance and keep pace with technological developments, its business, results of operations and financial condition could be harmed.

The Company's ability to attract new channel partners and customers and increase revenue from existing channel partners and customers depends in part on its ability to enhance and improve its applications for its Light.AI platform, increase adoption and usage of the Company's products and introduce new products and features for GAS diagnostics.

The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, regulatory approvals and overall market acceptance and demand. Enhancements and new products that the Company develops may not be introduced in a timely or cost-effective manner, may contain defects, may have interoperability difficulties, or may not achieve the market acceptance necessary to generate significant revenue.
If the Company is unable to successfully enhance existing platform and capabilities to meet evolving customer requirements, increase adoption and usage of its platform, develop new products, or if its efforts to increase the usage of its products are more expensive than expected, then the Company's business, results of operations and financial condition could be harmed.

The security of the Company's platform, networks or computer systems may be breached, which could have an adverse effect on its business and reputation

The Light.AI platform may be subject to computer malware, viruses and computer hacking, all of which have become more prevalent. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, they may include the theft or destruction of data owned by the Company or its customers, and/or damage to its platform. Any failure to maintain the performance, reliability, security and availability of the Company's products and technical infrastructure to the satisfaction of the Company's customers may harm its reputation and its ability to retain existing customers and attract new users.

Accidental or unauthorized access to or disclosure, loss, destruction or modification of data, through cybersecurity breaches, computer viruses, human error, natural or man-made disasters, or disruption of the Company's services could expose the Company to liability, protracted and costly litigation and damage to the Company's reputation. In connection with the various services the Company anticipates to provide to its clients, the Company collects, stores processes and transmits the sensitive personal and health data of its patients and customers, in some cases through providing services to the Company's clients as well as other end users of health services, including but not limited to names, addresses, identification numbers, medical histories, credit or debit card numbers and expiration dates and/or bank account numbers.

In addition, computer viruses and malware can be distributed and spread rapidly over the internet and could infiltrate the Company's systems or those of its clients and other associated participants. Infiltration of the Company's systems or those of the Company's associated participants could in the future lead to, disruptions in systems, accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of confidential or otherwise protected information (including personal and health data) and the corruption of data. Given the unpredictability of the timing, nature and scope of information technology disruptions, there can be no assurance that any security procedures and controls that the Company or its associated participants have implemented will be sufficient to prevent security incidents from occurring.

The Company's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft.

The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of the Company's information technology or confidential information, or that of the Company's clients and third parties with whom the Company interacts, may result in negative consequences, including the inability to process client transactions, reputational harm affecting customer and/or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

Privacy and data security laws and regulations could require the Company to make changes to its business, impose additional costs and reduce the demand for its artificial intelligence software solutions

The Company's business model contemplates, among other things, that the users of its products will process and transmit patients' medical data.

End users of the Company's products may transmit a significant amount of personal or identifying information through its platform, which may be transmitted inappropriately and therefore be revealed to unauthorized third parties. In addition, the health and research institutions which provide the Company with data for purposes of training its algorithms may inadvertently fail to de-identify data (when regulated) before sending it to the Company which then places on the Company the responsibility of handling that sensitive information in accordance with applicable law. In addition, there may be additional agreements for use of data in connection with the research and development of the Company's products.

Privacy and data security have become significant issues in the U.S. and in other jurisdictions where the Company may offer its software solutions. The regulatory framework relating to privacy and data security issues worldwide is evolving rapidly and is likely to remain uncertain for the foreseeable future. Federal, state, local and foreign government bodies and agencies have in the past adopted, or may in the future adopt, laws and regulations regarding the collection, use, processing, storage and disclosure of personal or identifying information obtained from customers and other individuals, and these laws may create varied and potentially conflicting requirements. In addition to government regulation, privacy advocates and industry groups may propose various self-regulatory standards that may legally or contractually apply to the Company's business.

Because the interpretation and application of many privacy and data security laws, regulations and applicable industry standards are uncertain, it is possible that these laws, regulations and standards may be interpreted and applied in a manner inconsistent with its existing privacy and data management practices. As the Company expands into new jurisdictions or verticals, it will need to understand and comply with various new requirements applicable in those jurisdictions or verticals.

To the extent applicable to the Company's business or the businesses of its end users, these laws, regulations and industry standards could have negative effects on the Company's business, including by increasing costs and operating expenses, and delaying or impeding deployment of new core functionality and products. Compliance with these laws, regulations and industry standards requires significant management time and attention, and failure to comply could result in negative publicity, subject the Company to fines or penalties or result in demands that it modify or cease existing business practices. In addition, the costs of compliance with, and other burdens imposed by, such laws, regulations and industry standards may adversely affect the Company's end users' ability or desire to collect, use and process personal information using its software solutions, which could reduce overall demand for them. Even the perception of privacy and data security concerns, whether or not valid, may inhibit market acceptance of the Company's software solutions in certain verticals. Furthermore, privacy and data security concerns may cause end users or their employees and other industry participants to resist providing the personal information necessary to allow effective use of the Company's applications. Any of these outcomes could adversely affect the Company's business and operating results.

Furthermore, the Company's business requires continued access to non-public third-party medical imaging and related electronic medical record data that are used as training data for its platform. If end-users refuse or limit the Company's access to relevant information on grounds of privacy it will inhibit the Company's ability to continue to improve its platform and thereby could adversely affect its business, operating results and competitiveness. If regulated data is used or disclosed inappropriately, the Company has an obligation to notify regulators and/or impacted individuals and may incur breach notification related costs.

If the Company is not able to compete effectively, its business and operating results will be harmed

The market for automatic GAS diagnostics is in its early stages of development, but competition in the market could grow rapidly and include various large, well-capitalized technology companies as well as early stage entrants. Although the Company's initial focus is on GAS, the Company expects to face increased competition in both this market and other markets where it may expand its platform application.

Potential competitors may have better brand name recognition, greater financial and engineering resources and larger sales teams than the Company has. In addition, some of the Company's competitors may be further along in obtaining regulatory approval for their products than Light AI.

As a result, these competitors may be able to develop and introduce competing solutions and technologies that may have greater capabilities than the Company's or that are able to achieve greater acceptance, they may be able to achieve

commercialization of their products sooner than the Company does, and they may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or requirements.
The Company expects that competition will increase and intensify as it continues to expand its serviceable markets and improve its platform and services. Increased competition may result in pricing pressures and require the Company to incur additional sales and marketing expenses, which could negatively impact its sales, ability and market share.

The Company's business model depends on commercial third-party payors and government payors, and if those payors do not provide coverage or adequate reimbursement for the services in which its products are used, the Company's revenue and prospects for profitability would be harmed.
Commercial sales of the Company's products depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Each third-party payor has its own policy regarding what products it will cover, the conditions under which it will cover such products, and how much it will pay for such products. Third-party payors are increasingly examining the medical necessity and cost effectiveness of medical products and services in addition to safety and efficacy and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved devices.

Risks Related to Intellectual Property

If the Company is unable to protect its intellectual property rights or if its intellectual property rights are inadequate to protect its technology, competitors could develop and commercialize technology similar to the Company's, and the Company's competitive position could be harmed.

The Company will rely on a combination of patent and trademark laws, trade secret protection, confidentiality agreements and other contractual arrangements with its employees, channel partners and others to maintain its competitive position. In particular, the Company's success depends, in part, on its ability to maintain patent protection for its products, technologies and inventions, maintain the confidentiality of its trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon its proprietary rights. Despite the Company's efforts to protect its proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose its technologies, inventions, processes or improvements. Moreover, other parties may independently develop similar or competing technology, methods, know-how or design around any patents that may be issued to or held by the Company. Unauthorized parties may also attempt to copy or reverse engineer proprietary aspects of the Company's products. There is no assurance that the Company's patents or other intellectual property rights will not be challenged, invalidated or circumvented, or will otherwise provide meaningful protection. If the Company's patents and other intellectual property do not adequately protect its technology, competitors may be able to offer products similar to the Company's. Competitors may also be able to develop similar technology independently or design around any patents granted to the Company, and it may not be able to detect the unauthorized use of its proprietary technology or take appropriate steps to prevent such use. Any such activities by competitors that circumvent the Company's intellectual property protection could subvert its competitive advantage and have an adverse effect on its results of operations.

Furthermore, filing, prosecuting, maintaining and defending patents on the Company's solutions in all countries throughout the world would be prohibitively expensive, and its intellectual property rights in some countries outside the U.S. are less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Also, it may not be possible to effectively enforce intellectual property rights in some foreign countries at all or to the same extent as in the U.S. and other countries.

Consequently, the Company may be unable to prevent third parties from using its inventions in all countries, or from selling or importing products made using its inventions in the jurisdictions in which it does not have (or is unable to effectively enforce) patent protection. Competitors may use the Company's technologies in jurisdictions where it has not obtained patent protection to develop, market or otherwise commercialize their own products, and the Company may be unable to prevent those competitors from importing those infringing products into territories where the Company has patent protection but enforcement is not as strong as in the U.S.

The Company may be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect the Company's business, results of operations and financial condition.

There is often litigation between competing companies relying on their respective technologies based on allegations of infringement or other violations of intellectual property rights. The Company's future success depends, in part, on not infringing the intellectual property rights of others. The Company may receive claims from third parties, including its competitors, alleging that its platform and its underlying technology infringe or violate such third party's intellectual property rights, and the Company may be found to be infringing upon such rights.

The Company may be unaware of the intellectual property rights of others that may cover some or all of its technology. Any such claims or litigation could cause the Company to incur significant expenses and, if successfully asserted against the Company, could require that the Company pay substantial damages or ongoing royalty payments, prevent the Company from offering some portion of its platform, or require that it comply with other unfavorable terms.

The Company may also be obligated to indemnify its customers or channel partners in connection with any such litigation and to obtain licenses or modify its platform, which could further exhaust its resources. Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims and proceedings brought against the Company, whether successful or not, could harm its brand, business, results of operations and financial condition. Litigation is inherently expensive and uncertain, and any judgment or injunctive relief entered against the Company or any adverse settlement could negatively affect its business, results of operations and financial condition.

In addition, litigation can involve significant management time and attention and be expensive, regardless of the outcome. During the course of litigation, there may be announcements of the results of hearings and motions and other interim developments related to the litigation. If customers regard these announcements as negative, demand for the Company's products may decline.

The Company may become involved in lawsuits to protect or enforce its patents which could be expensive, time consuming and unsuccessful

If the Company attempts enforcement of its patents or other intellectual property rights, it may be subject or party to claims, negotiations or complex, protracted litigation. These claims and any resulting lawsuits, if resolved adversely to the Company, could subject it to significant liability for damages, impose temporary or permanent injunctions against the Company's solutions or business operations, or invalidate or render unenforceable its intellectual property. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which the Company is unaware, which may later result in issued patents that its solutions may infringe. If any of the Company's solutions infringe a valid and enforceable patent, or if it wishes to avoid potential intellectual property litigation on its alleged infringement, the Company could be prevented from selling its solutions unless it can obtain a license, which may be unavailable.

Alternatively, the Company could be forced to pay substantial royalties or redesign its solutions to avoid infringement. Additionally, the Company may face liability to channel partners or other third parties for indemnification or other remedies if they are sued for infringement in connection with their use of the Company solutions.

Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to the Company's business operations by diverting attention and energies of management and key technical personnel, and by increasing its costs of doing business. Such litigation, regardless of its success, could seriously harm the Company's reputation with channel partners, business partners and patients and in the industry at large. Some competitors may be able to sustain the costs of complex patent or intellectual property litigation more effectively than the Company can because they have substantially greater resources. Any of the foregoing could adversely affect the Company's operating results.

The Company may be subject to claims asserting that its employees, consultants, independent contractors and advisors have wrongfully used or disclosed confidential information and/or alleged trade secrets of their current or former employers or claims asserting ownership of what the Company regards as its own intellectual property.

Many of the Company's employees, consultants, independent contractors and advisors were previously employed at other companies, including potential competitors. The Company could in the future be subject to claims that these employees and others, or the Company, has inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims.

If the Company fails in defending against such claims, a court could order it to pay substantial damages and prohibit it from using technologies or features that are essential to its solutions, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers.

An inability to incorporate technologies or features that are important or essential to the Company's solutions would have a material adverse effect on its business, and may prevent it from distributing its solutions. In addition, the Company may lose valuable intellectual property rights or personnel.
A loss of key research personnel or their work product could hamper or prevent the Company's ability to commercialize certain potential solutions, which could severely harm its business. Even if the Company is successful in defending against these claims, such litigation could result in substantial costs and be a distraction to management. Incurring such costs could have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Under applicable employment laws, the Company may not be able to enforce covenants not to compete

The Company will generally enter into non-competition agreements with its employees. These agreements prohibit the Company's employees, if they cease working for the Company, from competing directly with it or working for its competitors or clients for a limited period. The Company may be unable to enforce these agreements under the laws of the jurisdictions in which its employees work and it may be difficult for it to restrict competitors from benefitting from the expertise its former employees or consultants developed while working for the Company. For example, Canadian labour courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the protection of a company's trade secrets or other intellectual property.

Risks Related to Regulatory Matters

The Company will be subject to costly and complex laws and governmental regulations and any adverse regulatory action may materially adversely affect its financial condition and business operations. The Company operates in a complex regulatory and legal environment and are subject to a wide variety of laws and regulations in the jurisdictions in which the Company operates. Some of the provincial and federal laws and regulations in Canada and other jurisdictions in which the Company operates that affect or may affect it include: those relating to provision of healthcare, consumer products, product liability and consumer protection; those relating to negligence; those relating to the manner in which the Company advertises, markets and sells products and services; labour and employment laws, including wage and hour laws; tax laws or interpretations thereof; data protection and privacy laws and regulations. Continuing to achieve and sustain compliance with these laws may prove costly. The laws and regulations specifically applicable to the Company may also change on the basis of a change in the nature of the Company's products or services, or a change in the jurisdictions in which those products or services are being offered, including, but not limited to, as a result of acquisitions. There can be no guarantee that the Company will have sufficient resources to comply with new laws, regulations or government action, or to successfully compete in the context of a shifting regulatory environment. Moreover, these laws and regulations may change, sometimes significantly, as a result of political, economic and social events.

The Company's products, including software solutions that contain algorithms or artificial intelligence, will be subject to regulation by numerous government agencies, including the FDA and comparable agencies outside the U.S. To varying degrees, each of these agencies requires the Company to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of its products. The U.S. Congress recently passed the Cures Act, which amended certain provisions of the FDA Act, related to medical devices and software. The Cures Act amended the definition of "medical device" to exclude several types of software and digital health solutions from the FDA's medical device requirements and to ease the path to market for novel devices and products. The FDA has interpreted this law to exclude from regulation certain clinical decision support tools that are intended to aid in diagnosis, treatment or health management. However, the FDA intends to regulate other categories of clinical decision support, software, algorithms and artificial intelligence tools depending on the functions and intended use of those products. Recent changes to FDA regulations and advances in artificial intelligence have also generated compliance uncertainty across a variety of industry and settings, including about which legal and regulatory frameworks should apply to current and future iterations. However, the FDA currently regulates clinical decision support and software-based devices and tools that analyze medical and diagnostic images for patient treatment or diagnosis.

Further, the FDA regulates Picture Archiving and Communications Systems, or those devices that "provide one or more capabilities relating to the acceptance, transfer, display, storage, and digital processing of medical images" and whose software components may "provide functions for performing operations related to image manipulation, enhancement, compression or quantification" under 21 C.F.R. § 892.2050(a). Picture Archiving and Communications Systems must obtain a 510(k) before commercialization in the U.S.

The FDA is concerned with the accuracy of alterations, modifications, measurements, or analysis to or of images that could affect the accuracy of treatment and diagnosis decisions made using such data.

Laws and regulations relating to the healthcare industry and privacy are particularly complex and subject to change which could create significant additional costs related to monitoring and compliance, and could require changes to its operating model which could result in lower revenue. The Company expects the future technology and data-driven revenue streams of the Company will be governed by Canadian federal and provincial laws, as well as applicable foreign laws, covering data privacy and security. Although the Company maintains that its operations are in compliance with existing laws, there can be no assurance that the Company's operations will not be challenged in the future and, if challenged, that they will not be found to violate applicable laws.

Any such ruling against the Company could subject it to potential damages, injunctions and/or civil and criminal penalties or require it to restructure the Company's arrangements in a way that would affect the control or quality of the Company's services or change the amounts that the Company receives from its operations, which could have a material adverse effect on the Company's business.

There is no guarantee that the Company will be able to obtain marketing clearance for its medical device products or enhancements or modifications to existing products

The Company may not receive required marketing clearances or approvals on a timely basis, if at all. The failure to maintain approvals or obtain approval or clearance for new products or functions could have a material adverse effect on the Company's business, results of operations, financial conditions and cash flows.

Even if the Company is able to obtain such approval or clearance, it may:

- take a significant amount of time;
- require the expenditure of substantial resources;
- involve stringent clinical and pre-clinical testing, as well as increased post-market compliance requirements and surveillance;
- involve modifications, repairs, or replacements of the Company's products; and
- result in limitations on the proposed uses and marketing of the Company's products.

Further, if the FDA or other applicable regulatory authorities approve or clear a similar product that competes with the Company's artificial intelligence applications, it could decrease its expected sales. Both before and after a product is commercially released, the Company have ongoing responsibilities under FDA regulations. Many of the Company's planned facilities and procedures and those of its suppliers are also subject to periodic inspections by the FDA to determine compliance with the FDA's requirements, including primarily the quality system regulations and medical device reporting regulations. The results of these inspections can include inspectional observations on FDA's Form-483, warning letters, or other forms of enforcement. Since 2009, the FDA has significantly increased its oversight of companies subject to its regulations, including medical device companies, by hiring new investigators and increasing inspections of manufacturing facilities. If the FDA were to conclude that the Company is not in compliance with applicable laws or regulations, or that any of its medical devices are ineffective or pose an unreasonable health risk, the FDA could prohibit us from marketing such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of such devices, refuse to grant pending pre-market approval applications or require certificates of non-U.S. governments for exports, or require the Company to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. The FDA may also assess civil or criminal penalties against the Company, its officers or employees and impose operating restrictions on a company-wide basis, or enjoin or restrain certain conduct resulting in violations of applicable law. The FDA may also recommend prosecution to the U.S. Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict the Company from effectively marketing and selling its products and limit

its ability to obtain future pre-market clearances or approvals, and could result in a substantial modification to its business practices and operations.

The Company is in the early stage of developing its products. FDA clearance may require significant additional discovery efforts, pre-clinical testing and studies, as well as applicable regulatory guidance for preclinical and clinical studies from the FDA and other regulatory authorities before the Company can seek regulatory clearance and begin commercial sales of any potential products.

The design and execution of clinical trials to support FDA clearance of the Company's products is subject to substantial risk and uncertainty. Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Clinical failure can occur at any stage of clinical development.

The Company relies on third parties to conduct clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, or if they terminate their agreement with the Company, it may not be able to obtain regulatory clearance for or commercialize its products. The regulatory clearance processes of the FDA are lengthy, time consuming and inherently unpredictable, and if the Company is ultimately unable to obtain regulatory clearance for its products, the Company's business will be substantially harmed.

In addition, the marketing license for any product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated. The FDA has taken the position that device manufacturers are prohibited from promoting their products other than for the uses and indications set forth in the approved product labeling.

The U.S. government has initiated a number of enforcement actions against manufacturers that promote products for "off label" uses, including actions alleging that federal health care program reimbursement of products promoted for "off-label" uses (or services in which such products are utilized) constitute false and fraudulent claims to the government. The failure to comply with "off-label" promotion restrictions can result in significant civil or criminal exposure, administrative obligations and costs, or other potential penalties from, or agreements with, the federal government. Further, clinical practice guidelines and recommendations published by various organizations could have significant influence on the Company's products.

The Company will face extensive FDA and foreign regulatory requirements and may face future regulatory difficulties

The FDA and other regulatory authorities require that the Company's devices be manufactured in compliance with QSR, and similar standards in foreign markets where it intends to sell its products. Further, as the healthcare industry increasingly adopts AI, new regulations and standards may emerge. The Company may need to adjust its technology to meet evolving FDA guidelines, as well as new standards in AI and machine learning, increasing compliance costs and development timelines. Any failure by the Company or its third-party manufacturers to comply with QSR or new regulations or failure to scale up manufacturing processes as needed, including any failure to deliver sufficient quantities of products in a timely manner, could have a material adverse effect on its business, financial condition, operating results and cash flows. In addition, such failure could be the basis for action by the FDA to withdraw clearance for products previously granted to the Company and for other regulatory action. Changes to current product standards, guidance and regulations may impact the timeline and resources required to develop the Company's products.

The Company's industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater regulation in the future

The Company's medical devices and technologies and its business activities are subject to a complex regime of regulations and enforcement environment, including regulations promulgated by the FDA, U.S. Department of Justice, the Office of Inspector General of the Department of Health and Human Services, and numerous other federal, state, and non-U.S. governmental authorities. In addition, certain state governments and the U.S. federal government have enacted legislation aimed at increasing transparency of the Company's interactions with health care providers. As a result, if the Company's devices and solutions (or the procedures in which they are used) are reimbursed by Federal healthcare programs such as Medicare or Medicaid, it will be required by law to disclose payments and other transfers of value to health care providers licensed by certain states and to all U.S. physicians and U.S. teaching hospitals at the

federal level. Any failure to comply with these legal and regulatory requirements could impact the Company's business.

In addition, the Company will devote substantial additional time and financial resources to further develop and implement policies, systems, and processes to comply with enhanced legal and regulatory requirements, which may also impact its business. The Company anticipates that governmental authorities will continue to scrutinize its industry closely, and that additional regulation may increase compliance and legal costs, exposure to litigation, and other adverse effects to the Company's operations.

The Company's future success will be partially dependent on reimbursement rates for diagnostic services from Medicare, Medicaid and private health insurers. Any reduction or changes in these reimbursement policies could limit the adopt of the Company's products, affecting revenue growth.

Product liability lawsuits against the Company could result in substantial liabilities and to limit commercialization of its products

Because the Company's initial product family upon approval will be used, and the Company intends to initially focus its future product development efforts, in acute care settings, where real-time decisions are challenging and critical to delivering differentiated care and preventing patients, product malfunctions in this context create heightened risk of product liability lawsuits. A product liability or professional liability claim could result in substantial financial and reputational damages and be costly and time-consuming for us to defend.

Although the Company intends to maintain liability insurance, including for errors and omissions, there is no assurance that the Company's insurance would fully protect it from the financial impact of defending against these types of claims or any judgments, fines or settlement costs arising out of any such claims. Any liability claim, including an errors and omissions liability claim, brought against the Company, with or without merit, could increase its insurance rates or prevent it from securing insurance coverage in the future. Additionally, any liability lawsuit could cause injury to the Company's reputation or cause it to suspend sales of its products. The occurrence of any of these events could have an adverse effect on the Company's business, reputation, results of operations and cash flows.

In addition, although the Company's algorithm has demonstrated high accuracy, any errors in diagnosing GAS or other conditions could expose the Company to liability claims, particularly if patients receive incorrect or delayed treatment. Such incidents could lead to lawsuits, product recalls and reputational harm.

If the Company fails to comply with applicable health information privacy and security laws and other state and federal privacy and security laws, it may be subject to significant liabilities, reputational harm and other negative consequences, including decreasing the willingness of current and potential customers to work with the Company

The Company will be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business. The Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), established uniform federal standards for "covered entities," which include certain healthcare providers, healthcare clearinghouses, and health plans, governing the conduct of specified electronic healthcare transactions and protecting the security and privacy of PHI. The HITECH Act makes HIPAA's security standards directly applicable to "business associates," which are independent contractors or agents of covered entities that create, receive, maintain, or transmit PHI in connection with providing a service for or on behalf of a covered entity. The HITECH Act also increased the civil and criminal penalties that may be imposed against covered entities, business associates and certain other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA's requirements and seek attorney's fees and costs associated with pursuing federal civil actions. A portion of the data that the Company will obtain and handle for or on behalf of certain of its clients is considered PHI, subject to HIPAA. The Company will also be required to maintain similar business associate agreements with its subcontractors that have access to PHI of its customers in rendering services to Light AI or on its behalf. Under HIPAA and the Company's contractual agreements with its HIPAA-covered entity health plan customers, the Company will be considered a "business associate" to those customers, and are required to maintain the privacy and security of PHI in accordance with HIPAA and the terms of the Company's business associate agreements with its clients, including by implementing HIPAA-required administrative, technical and physical safeguards. Light AI has incurred, and the Company will continue to incur, significant costs to establish and maintain these safeguards and, if additional safeguards are required to comply with HIPAA regulations or its clients' requirements, the Company's costs could increase further, which would negatively affect its operating results.

Furthermore, there is no guarantee that such safeguards have been and will continue to be adequate. If Light AI has failed, or the Company fails in the future, to maintain adequate safeguards, or the Company or its agents or subcontractors use or disclose PHI in a manner prohibited or not permitted by HIPAA, the Company's subcontractor business associate agreements, or its business associate agreements, or if the privacy or security of PHI that it obtains and handles is otherwise compromised, the Company could be subject to significant liabilities and consequences, including, without limitation:

- breach of contractual obligations to clients, which may cause clients to terminate their relationship with the Company and may result in potentially significant financial obligations to its clients;
- investigation by the federal and state regulatory authorities empowered to enforce HIPAA and other data privacy and security laws, which include the U.S. Department of Health and Human Services, the U.S. Trade Commission and state attorneys general, and the possible imposition of civil and criminal penalties;
- private litigation by individuals adversely affected by any misuse of their personal health information for which the Company is responsible and/or breach notification related costs; and
- negative publicity, which may decrease the willingness of potential future customers to work with us and negatively affect its sales and operating results.

Further, the Company will publish statements to end users of its services that describe how it handles and protects personal information. If federal or state regulatory authorities or private litigants consider any portion of these statements to be untrue, the Company may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, damage to its reputation and costs of responding to investigations, defending against litigation, settling claims and complying with regulatory or court orders. Recent legal developments in Europe have created compliance uncertainty regarding certain transfers of personal data from Europe to the U.S.

For example, the General Data Protection Regulation, which came into application in the European Union on 25 May 2018, applies to all of the Company's activities conducted from an establishment in the EU or related to products and services that the Company offers to EU users.

The General Data Protection Regulation created a range of new compliance obligations which may cause the Company to change its business practices, and significantly increased financial penalties for noncompliance (including possible fines of up to four percent (4%) of global annual turnover for the preceding financial year or €20 million (whichever is higher) for the most serious infringements).

Federal or state governmental authorities may impose additional data security standards or additional privacy or other restrictions on the collection, use, maintenance, transmission and other disclosures of health information. Legislation has been proposed at various times at both the federal and the state level that would limit, forbid or regulate the use or transmission of medical information outside of the U.S. Such legislation, if adopted, may render the Company's use of off-shore partners for work related to such data impracticable or substantially more expensive. Alternative processing of such information within the U.S. may involve substantial delay in implementation and increased cost.

If the Company fails to comply with federal and state healthcare laws and regulations, including those governing submission of false or fraudulent claims to government healthcare programs and financial relationships among healthcare providers, it may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs. The Company may be subject to certain federal and state laws and regulations designed to protect patients, governmental healthcare programs, and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex and their application to the Company's specific products, services and relationships may not be clear and may be applied to its business in ways that are not anticipated. Federal and state regulatory and law enforcement authorities have recently increased enforcement activities with respect to Medicare and Medicaid fraud and abuse regulations and other reimbursement laws and rules. From time to time in the future, the Company may receive inquiries or subpoenas to produce documents in connection with such activities. The Company could be required to expend significant time and resources to comply with these requests, and the attention of management could be diverted to these efforts. If the Company is found to be in violation of any federal or state fraud and abuse laws, it could be subject to civil and criminal penalties, and it could be excluded from participating in federal and state healthcare programs such as Medicare and Medicaid. The occurrence of any of these events could significantly harm the Company's business and financial condition.

Provisions in Title XI of the Social Security Act, commonly referred to as the federal Anti-Kickback Statute (the "Anti-Kickback Statute"), prohibit the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in cash or in kind, in return for or to induce either the referral of an individual or arranging for the referral of an individual for items or services for which payment may be made in whole or in part by a federal health care program, or the purchasing, leasing, ordering, or arranging for or recommending the purchasing, leasing, or ordering of items, services, goods, or facilities for which payment may be made, in whole or in part, by a federal healthcare program, including but not limited to Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to induce referrals which are applicable to all patients regardless of whether the patient is covered under a governmental health program or private health plan.

The Company will attempt to scrutinize its business relationships and activities to comply with the federal Anti-Kickback Statute and similar laws and attempt to structure its sales and group purchasing arrangements in a manner that is consistent with the requirements of applicable safe harbors to these laws. There is no assurance that the Company's arrangements will be protected by such safe harbors or that such increased enforcement activities will not directly or indirectly have an adverse effect on the Company's business, financial condition or results of operations. Any determination by a state or federal agency that any of the Company's activities or those of its vendors or customers violate any of these laws could subject the Company to civil or criminal penalties, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could require the Company to change or terminate some portions of operations or business, could disqualify it from providing services to healthcare providers doing business with government programs and, thus, could have an adverse effect on the Company's business.

The Company's business is also subject to numerous federal and state laws regarding submission of false or fraudulent claims, including, without limitation, the civil False Claims Act, which forbids knowingly presenting or "causing to be presented" false or fraudulent claims for payment to a federal health care program. Analogous laws and regulations of Canada, other countries and state and local government may apply to the Company's arrangements and customers' claims involving healthcare items or services reimbursed by non-governmental third-party payors.

HIPAA also imposes criminal and civil liability for, among other things, executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. These laws and regulations may change rapidly, and it is frequently unclear how they apply to the Company's business. Errors created by the Company's products that relate to entry, formatting, preparation or transmission of claim or cost report information may be determined or alleged to be in violation of these laws and regulations.

Any failure of the Company's products or services to comply with these laws and regulations could result in substantial civil or criminal liability, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could adversely affect demand for the Company's product or service offerings, could invalidate all or portions of some of its customer contracts, could require it to change or terminate some portions of its business, could require it to refund certain amounts collected, could cause it to be disqualified from serving clients doing business with government payors and could have an adverse effect on its business.

The Company's activities will also be subject to state and federal self-referral laws, including the federal Physician Self-referral Law, commonly known as the Stark Law, which prohibits physicians from referring patients to an entity for Medicare-covered "designated health services" if the physician, or a member of the physician's immediate family, has a financial relationship with the entity, unless a statutory or regulatory exception applies. Many states have similar laws that may apply regardless of payor. In addition, the Company's activities may also implicate state laboratory licensure laws, as well as the corporate practice of medicine prohibition in certain states that maintain such laws or regulations. The Company's failure to abide by these state and federal laws could expose the Company to criminal, civil and administrative sanctions, reputational harm, and could harm its results of operations and financial conditions.

The Company's business model depends on commercial third-party payors or government payors, therefore legislative or regulatory reforms may impact the ability of its customer to obtain such reimbursement, and its revenue and prospects for profitability would be harmed

The Company's go-to-market strategy relies upon governmental or third-party payor reimbursement. Healthcare policy and payment reform models and medical cost containment models are being considered and/or adopted in the U.S. and other countries. Legislative and/or administrative reforms to applicable reimbursement systems may significantly reduce reimbursement for the services in which the Company's products are used or result in the denial of coverage for such services outright. As a result, third-party reimbursement adequate to enable the Company to realize an appropriate return on its investment in research and product development may not be available for its products.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future.

If the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of its financial statements, which could result in a decrease in the value of its securities

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Economic and Political Uncertainty

The volatility of global capital markets, over the past several years, has generally made the raising of capital by equity or debt financing more difficult. Current and future global economic, political and social conditions remain volatile and uncertain. The Company may be dependent upon capital markets to raise additional financing in the future. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management.

It is difficult to estimate the level of growth or contraction for the global economy as a whole. It is even more difficult to estimate economic growth or contraction in various sectors and regions, including the markets in which the Company will operate.

Because all components of the Company's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and the demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes may occur as a result of the prevalence of public health crises, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, stagnant economic conditions, increasing nationalism and protectionism, trade tensions and tariff uncertainty, political deadlock, social unrest or other factors affecting economic conditions generally. These changes may negatively affect the sales of the Company's products and services.

The Company expects to incur increased costs as a public company for regulatory compliance and operations. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's efforts to grow our business may be costlier than it expect, and it may not be able to increase our revenue enough to offset our higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events.

If the Company is unable to achieve and sustain profitability, the market price of its common shares may significantly decrease.

In addition, as the Company's operations expand and reliance on global supply chains increases, the impact of significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Company's business, financial condition and operations. The ongoing Russia-Ukraine and Israel-Hamas conflicts, and the global response to these conflicts as it relates to sanctions, trade embargos and military support has resulted in significant uncertainty as well as economic and supply chain disruptions.

The Company could be materially adversely affected if the conflicts expand or continue for an extended period of time, or other geopolitical disputes and conflicts emerge in other regions.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved, can be sustained. Revenue growth that the Company may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund higher levels of sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

Dilution

In order to finance future operations, the Company may raise funds through the issuance of additional common shares or the issuance of debt instruments or other securities convertible into common shares. The size of future issuances of common shares or the issuance of debt instruments or other securities convertible into common shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the common shares cannot be predicted.

Interest Rate Risk

The Company may obtain financing in the future by accessing the debt markets. Amounts payable in respect of interest and principal on debt to be incurred by the Company will affect its net cash flow and profitability. Any increase in such payments will result in a corresponding increase in the cash out flow of the Company that must be applied to debt service.

In the event of such an increase, there can be no assurance that net cash flow derived from the Company's operations will be sufficient to cover its future financial obligations or that additional funds will otherwise be able to be obtained. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of the Company's assets, which may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Changes in the Market Price of the Common shares

Factors unrelated to the Company's performance that may have an effect on the price of the Company Shares and may adversely affect an investors' ability to liquidate an investment and consequently an investor's interest in acquiring a significant stake in the Company includes:

a reduction in analytical coverage by investment banks with research capabilities; a drop in trading volume and general market interest in the Company's securities; a failure to meet the reporting and other obligations under relevant securities laws or imposed by applicable stock exchanges could result in a delisting of the Company Shares and a substantial decline in the price of the Company Shares that persists for a significant period of time.

As a result of any of these factors, the market price of the Company Shares at any given point in time may not accurately reflect their long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities.

The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Acquisitions and Integration

From time to time, the Company may seek to grow by acquiring companies, assets, or establishing joint ventures that it believes will complement its current or future business. Any acquisition that the Company may choose to complete may be of a significant size relative to the size of the Company, may change the nature or scale of the Company's business and activities, and may expose the Company to new geographic, political, operating, financial and geological risks.

The Company's success in its acquisition activities, if any, depends upon its ability to obtain additional sources of financing, identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate any acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. In the event that the Company chooses to raise debt capital to finance any such acquisitions, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisitions, existing shareholders may suffer significant dilution. The Company may not effectively select acquisitions candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for the business. The Company cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any acquisitions completed with ultimately benefit its business.

Research and Development Risks

The Company's growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Company cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to retain key scientists as employees or partners, identify high quality therapeutic targets and unmet medical needs, successfully complete laboratory testing and clinical trials on humans, obtain and maintain necessary intellectual property rights to the Company's products, obtain and maintain necessary regulatory approvals for its products. The Company may not be successful in discovering and developing medical device products. Failure to introduce and advance new and current products could materially and adversely affect the Company's operations and financial conditions.

Clinical Research Risks

The Company must demonstrate the safety and efficacy of its products through, among other things, extensive clinical testing. The Company's research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops. The results of early clinical studies may be inconclusive, may demonstrate potentially unsafe characteristics, or may not be indicative of results that will be obtained in later human clinical trials.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Clinical studies of the Company's products may not be completed on schedule or on budget.

The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition, and results of operations.

Actual Performance May Vary from the Results Observed in Prior Testing

The dataset used to test the model's performance is limited, comprising of only 82 images. Consequently, the model's real-world performance may vary from the results observed in the initial testing completed by the Company. If future studies call into question the efficacy of the Company's model, the Company's business, financial condition and results of operations could be adversely affected.

Data Quality Risks

The effectiveness of the Company's diagnostic tools depends on the quality of training data and algorithm

performance. In regions with limited access to high-quality healthcare data (such as lower-middle-income markets), AI models may underperform, leading to inaccurate results and undermining the Company's market acceptance.

GAS may mutate regionally or globally or otherwise change its presentation. If the Company's algorithm is not adequately trained on a dataset that captures this change in GAS presentation, its performance may vary, leading to inaccurate diagnoses for some or all regions. Such disparities could undermine the clinical effectiveness and market acceptance of Light AI's products in some or all regions.

Revenue Derived from Healthcare Services

While the Company intends to broaden the scope of technology enabled products and services it offers, it may not be successful in deriving the revenue from these efforts that it expects.

Failure to broaden the scope of technology enabled products and services that are attractive to the Company's existing and potential clients and corporate customers or penetrate additional verticals may inhibit the growth of repeat users and harm the Company's business. The products and services that may be attractive to the Company's existing and potential clients and corporate customers may not always remain that way, and while the Company may research the nature and prospects of such products and services in advance of investing in them, it cannot guarantee that any revenue may be derived from such investments.

Furthermore, the Company may have limited or no experience with new offerings and these offerings may present new and difficult technology, regulatory, operational and other challenges. If the Company experiences service disruptions, failures or other issues with any such new offerings, the Company's business may be materially and adversely affected. The Company's newer activities may not recoup the Company's investments in a timely manner or at all. If any of this were to occur, it could damage the Company's reputation, limit the Company's growth and materially and adversely affect the Company's business, financial condition and results of operations.

Incorporation of AI May Present Risks

The Company has incorporated, and plans to incorporate in the future, AI, into its products. AI is a new and emerging technology that is in its early stages of commercial use, particularly within the medical device industry.

If any of our products that incorporate AI have perceived or actual negative impacts on the clinicians or patients who use them, the Company may experience brand or reputational harm, competitive harm or legal liability. The rapid evolution of AI may also require the application of significant resources to develop, test and maintain our products and services that incorporate AI in order to help ensure that it is implemented in a socially responsible manner, to minimize any real or perceived unintended harmful impacts. In addition, AI is subject to a complex and evolving regulatory landscape, including data protection, privacy, and potentially other laws and different jurisdictions have taken and may take in the future varying approaches to regulating AI. Compliance with these laws and regulations can be complex, costly and time-consuming, and there is a risk of regulatory enforcement actions or litigation if the Company fails to comply with these requirements.

As regulations evolve, the Company may have to alter its business practices or products in order to comply with regulatory requirements.

Competition

The industry in which the Company operates is highly competitive, evolving and is characterized by technological change. A number of competitors have substantially greater capital resources, larger customer bases, larger technical, sales and marketing forces and stronger reputations with target customers than ours.

Current or future competitors may have longer operating histories, larger corporate customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Company. As a result, the Company's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger client base to adopt more aggressive pricing policies, which could cause the Company to lose potential clients or corporate customers, or to sell its solutions at lower prices.

The Company's success will be dependent on its ability to market its products and services. There is no guarantee that the Company's products and services will remain competitive. Unforeseen competition, and the inability of the Company to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Company.

The Company cannot assure that it will be able to compete effectively against existing and future competitors. Further, advances in AI, medical imaging, and diagnostic technologies by competitors could render the Company's current solutions obsolete or less effective, requiring additional investments in research and development and innovation to stay competitive. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

We expect that the rapid technological changes occurring in the health care industry could lead to the entry of new competitors, particularly as artificial intelligence driven software gains market acceptance in the field. If we do not compete successfully, our revenue and market share could decline and our business, financial condition, and results of operations could be adversely affected.

Personal Health Information Data and Privacy

As the Company will have access to sensitive and confidential information, including personal information and personal health information, and since the Company may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information and personal health information, may be disclosed through improper use of Company systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information.

As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. In connection with the services the Company anticipates providing, the Company may share information with its associated participants who collect, process, store and transmit sensitive data. The accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data by the Company or through the systems the Company provides could result in significant fines, penalties, orders, sanctions and proceedings or actions against the Company by governmental bodies and other regulatory authorities, end users or third parties, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Any such proceeding or action, and any related indemnification obligation, could damage the Company's reputation, force the Company to incur significant expenses in defense of these proceedings, distract the Company's management, increase the Company's costs of doing business or result in the imposition of financial liability. These risks may increase as the Company continues to grow and collect, process, store and transmit increasingly large amounts of data.

Insurance

The Company's insurance policies may not adequately cover all risks to which the Company is exposed and may not be adequate for all liabilities actually incurred or indemnification claims against the Company. A significant claim not covered by the Company's insurance, in full or in part, may result in significant expenditures by the Company. Moreover, the Company may not be able to maintain insurance policies in the future at reasonable costs, on acceptable terms or at all, which may adversely affect the Company's business and the trading price of its securities.

The successful assertion of one or more large claims against the Company that exceed available insurance coverage, or the occurrence of changes in the Company's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect the Company's business, financial condition and results of operations.

Conflicts of Interest

Certain directors and officers of the Company may be involved in direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection

with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies, including, the relevant provisions of the BCBCA.

Internal Control over Financial Reporting and Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") which provide reasonable assurance that (i) material information relating to the Company is made known to them by others within the Company, and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

In addition, the CEO and CFO have designed or caused to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the CEO and CFO used to design the Company's ICFR is the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (the "COSO Framework").

As required by Multilateral Instrument 52-109 issued by the Canadian Securities Administrators, an evaluation of the effectiveness of the Company's DC&P as of December 31, 2025, was carried out. The evaluation was carried out under the supervision of, and with the participation of, the CEO and CFO. Based on this evaluation, the CEO and CFO concluded that the Company's DC&P were effective as of December 31, 2025.

As required by Multilateral Instrument 52-109 issued by the Canadian Securities Administrators, an evaluation of the effectiveness of the Company's ICFR as of December 31, 2025, was carried out. The evaluation was carried out within the criteria set forth by the COSO Framework and under the supervision of, and with the participation of, the CEO and the CFO. Based on this evaluation, the CEO and CFO concluded that the Company's ICFR were effective as of December 31, 2025.

There were no changes in the Company's ICFR during the quarter ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

Other Information

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.