



Cypher Metaverse Inc.

CYPHER METAVERSE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED JUNE 30, 2025

This Management's Discussion And Analysis ("MD&A") prepared as of August 29, 2025, should be read in conjunction with the condensed interim financial statements for the six month period ended June 30, 2025 as well as the financial statements of Cypher Metaverse Inc. (the "**Company**" or "**Cypher**") for the year ended December 31, 2024, and related notes attached thereto (the "**financial statements**"), which are prepared in accordance with IFRS Accounting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise stated. References to notes are with reference to the financial statements.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements within the meaning of applicable securities laws (collectively, "**forward-looking statements**"). Such forward-looking statements are provided to inform the Company's shareholders and potential investors about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes. Any such forward-looking statement may be identified by words such as "anticipate", "proposed", "estimates", "would", "expects", "intends", "plans", "may", "will", and similar expressions, although not all forward-looking statements contain these identifying words.

More particularly and without limitation, the forward-looking statements in this MD&A include (i) expectations regarding the Company's business plans and operations; (ii) future demand for and prices of digital currencies; (iii) estimates of capital expenditures; (iv) decentralized finance technology, including the adoption thereof; (v) strategies for customer retention, growth; (vi) the Company's potential future revenue and growth; and (vii) working capital and financial performance.

By their very nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that predictions, forecasts, projections, expectations, and conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision, and strategic goals will not be achieved.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: (i) digital currencies demand and price volatility; (ii) risks and uncertainties associated with the digital currency industry; (iii) adapting to technological change, new products, and standards; (iv) increased competition that adversely affects business; (v) additional competition from new or existing technologies that adversely affect business; (vi) continued growth in key markets; (vii) the effectiveness and efficiency of advertising and promotional activities; (viii) political, economic, regulatory and other uncertainties in respect of digital currencies; (ix) security threats including stolen cryptocurrencies from the Company's software products (x) damage or failure of our information technology; (xi) cybersecurity risks associated with data security and hacking; (xii) risks associated with potential violations of applicable privacy laws; (xiii) risks associated with any continued

sales growth; (xiv) risks related to compliance with laws and regulations and the effect of changes in law and regulatory environment; (xv) fluctuations in foreign currency exchange rates; (xvi) ability to obtain additional financing; (xvii) loss of key personnel and our inability to attract and retain qualified personnel; (xviii) potential losses, liabilities and damages related to our business which are uninsured or uninsurable; (xix) consumer sentiment towards blockchain technology generally, decrease in the price of cryptocurrencies; (xx) ability to maintain mining activities and coin inventories; (xxi) factors described in “Risks and Uncertainties”; (xxii) risks associated with litigation or dispute resolution; (xxiii) volatility of global financial conditions; and (xxiv) taxation, including changes in tax laws and interpretation of tax laws.

Forward-looking statements are based on a number of factors and assumptions that have been used to develop such statements and information, but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. The forward-looking statements in this MD&A reflect the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new statements, future events or results. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by the foregoing cautionary statements.

DESCRIPTION OF BUSINESS

Overview and Strategy

The Company was incorporated on February 19, 2009, under the laws of the province of British Columbia. Cypher’s Common shares (“**Common Shares**”) are listed on the Canadian Securities Exchange (“**CSE**”) under the symbol “**CODE.X**” and on the Frankfurt Stock Exchange under the symbol “**C5BO**”.

Cypher focuses on identifying and investing in early-stage opportunities across the digital landscape, participating in blockchain projects, including proof of work mining, proof of stake cryptocurrencies, and decentralized finance. The Company engages in digital experiences, collectively referred to as “the Metaverse” which include non-fungible token-based gaming experiences. The Company leverages its strategic relationships to drive innovation and growth, creating new possibilities and opportunities.

After successfully developing the virtual lounge within the Sandbox Metaverse, the Company aims to continue investing within the Metaverse and Blockchain Ecosystem as a whole, utilizing the lounge as a ‘hub’ for future Company activities or hosting partnership launches and activations. Additionally, the Company is positioned to offer Metaverse-specific services, assisting other companies with planning, creating, and building out their Metaverse properties.

The Company intends to assess the viability of launching community-centered products such as Metaverse-specific NFTs, a community token, and/or memecoin. With the recent developments in the memecoin space, investor sentiment towards cryptocurrencies has shifted from a business-specific utility toward a community-focused collectible.

The Company is considering the best approach to creating a fleet of AI Agents. Although using an existing technology stack may be more cost-effective than building the AI Agents with our own, it may limit the potential use-case and market for these AI Agents. Although Cypher’s intended audience is investors and businesses within the cryptocurrency markets, it plans to offer AI as a service to traditional companies as well, including offering an AI Agent specifically designed to assist with internal company sales tools such as cold calling, prospecting, objection handling, and even potentially negotiation.

Cypher’s head, registered, and records office is located at 500 - 666 Burrard Street, Vancouver, BC V6C 3P6, and its website is www.cypher-meta.com.

Developments

On May 10, 2023, the Company entered a binding letter of intent to enter a business combination with Agapi Luxury Brands Inc. (“**Agapi**”) to acquire 100% of the issued and outstanding common shares of Agapi (“**Agapi Shares**”) in exchange for \$5,000,000 in Common Shares of Cypher (the “**Proposed Transaction**”).

On August 29, 2023, the Company entered into a definitive agreement with Agapi in connection with the Proposed Transaction (the “**Definitive Agreement**”). Subsequent to the Definitive Agreement, the Company agreed to provide bridge financing to Agapi at an annual interest rate of 8% (the “**Bridge Loan**”), and the Bridge Loan would have been forgiven upon successful completion of the Proposed Transaction. The CSE conditionally accepted the Proposed Transaction, and the Company’s shareholders approved the same on December 1, 2023.

On November 14, 2024, the Company announced it had entered into a settlement agreement which terminated the Definitive Agreement (the “**Settlement Agreement**”). Under the Settlement Agreement, Agapi issued 802,290 Agapi Shares at \$1.05 per Agapi Share and issued a royalty on all future sales in settlement of the Bridge Loan (approximately \$962,748 in principal and interest) that the Company advanced to Agapi. The parties ultimately concluded that they would be unable to raise enough funds fast enough to meet CSE listing requirements. As Agapi raised funds or received them as a loan from Cypher, their expansion costs would quickly consume those funds. The CSE required funds to be raised that would cover the proposed Agapi business plan and administrative costs for Cypher for one year.

Aside from its primary business and as a result of the Proposed Transaction, Cypher currently owns 802,290 Agapi Shares, representing 12.78% of the issued and outstanding Agapi Shares. Agapi operates within the U.S. and international tobacco industry as wholesaler of premium, hand-rolled cigars.

On October 21, 2024, the Company completed a consolidation of its issued and outstanding Common Shares on an up to fifteen (15) pre-consolidation Common Shares to one (1) post-consolidation Common Share basis (15:1), as approved by its shareholders on September 30, 2024 (the “**Share Consolidation**”). Unless otherwise provided herein, all references in this MD&A to issued and outstanding Common Shares, warrants, per Share amounts, and exercise prices, have been retroactively restated to reflect the effect of the Share Consolidation.

Going Concern

The condensed interim financial statements for the period ended June 30, 2025 were prepared on a going concern basis, which assumes that the Company will continue its operations for at least the next twelve months. During the period ended June 30, 2025, the Company has incurred a net loss of \$698,700 (2024 - \$381,684) and has an accumulated deficit of \$40,826,136 (December 31, 2024 - \$40,127,436). In addition, the Company has experienced negative cash flows from operations of \$872,402 (2024 - \$151,446).

These events and conditions create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, identifying and acquiring businesses or assets, and generating profitable operations in the future. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is in the business of crypto assets, many aspects of which are not specifically addressed by current IFRS guidance. IFRS does not currently provide specific guidance to address many aspects of the digital asset industry. The Company is required to make judgments as to the application of IFRS and the selection of its accounting policies. The Company has disclosed its presentation, recognition and derecognition, and measurement of crypto assets, and the recognition of revenue as

well as significant assumptions and judgments; however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's earnings and financial position as presented.

DISCUSSION OF OPERATIONS

On January 24, 2025, the Company closed a non-brokered private placement LIFE financing, whereby it issued an aggregate of 1,978,330 units of the Company at a price of \$0.475 per unit for total gross proceeds of \$939,706, of which \$640,000 was allocated to certain business objectives and milestones (below). The Company paid cash finders fees of \$29,176 and share issuance costs of \$35,693.

The following table sets out a comparison of how the Company used the available funds from the offering to date following the closing date in January 2025 through June 30, 2025, an explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

Intended Use of Proceeds of Offering		Actual Use of Proceeds from Offering		(Over)/under expenditure
G&A	\$150,000	G&A	\$271,000	\$ (121,000)
Working capital deficit	\$250,000	Working capital deficit	\$250,000	\$ -
Metaverse development costs	\$150,000	Metaverse development costs	\$29,000	\$ 121,000
Further development, working capital, acquisition	\$90,000	Further development, working capital, acquisition	\$90,000	\$ -
Total	\$640,000	Total	\$640,000	\$ -
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones		The Company decided to redirect \$121,000 from Metaverse development costs to general administration costs due to its assessment of the current market and the slow progress of the development of its technology. The Company believes that this has caused to company to reflect on the company's business objectives and milestones as the Company has chosen to proceed on a best-efforts basis, collaborating with consultants over the coming months to make further progress.		

On January 30, 2025, the Company issued 20,853 common shares pursuant to exercise of warrants for gross proceeds of \$46,919.

On July 25, 2025, the Company issued 219,125 units at a price of \$0.32 per unit raising gross proceeds of \$70,120. The Company paid cash finders fees of \$410 and issued 1,280 finder's warrants.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its liquidity and capital structure is to generate sufficient cash to fund the Company's operations, acquisitions, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital in evaluating its liquidity.

The following table outlines the Company's cash flows during the periods ended June 30, 2025 and June 30, 2024

Net Cash Provided By (Used In)	June 30, 2025	June 30, 2024
Operating activities	\$ (872,402)	\$ (151,446)
Investing activities	977,256	90,754
Financing activities	(24,500)	23,375
Cash, beginning	4,244	44,218
Cash, end	84,598	6,901

As at June 30, 2025, the Company had cash of \$84,598 (December 31, 2024 - \$4,244) and a working capital of \$11,187 (2024 - working capital deficiency of \$246,869).

- Cash flows from operating activities primarily from change in working capital proceeds such as accounts payable and accrued liabilities of \$
- Cash flows from investing activities primarily from repayment of loans of \$24,000 (2024 - \$90,754) during the period ended June 30, 2025.
- Cash flows from financing activities primarily from proceeds from private placement of \$939,706 (2024 - \$Nil) and proceeds of warrant exercised of \$46,919 (2024 - \$Nil) during the period ended June 30, 2025.

Results of Operations – Three Month Period Ended – June 30, 2025

The Company's comprehensive loss for the three-month period ended June 30, 2025, totaled \$326,786 (2024 - \$174,130) with basic and diluted loss per share of \$0.08 (2024 - \$0.14). Significant fluctuations during the three-month period included:

- General and administrative were \$55,952 (2024 - \$8,110). The increase during the current period was due to new office rental.
- Interest income on loan receivable was \$153 (2024 - \$37,343) due to interest accrued on Agapi loan.
- Management and consulting were \$197,936 (2024 - \$115,425). The increase during the current period was due to increased consultants hired for corporate activity.
- Professional fees were \$31,007 (2024 - \$22,999) due to audit and legal fees. The increase during the current period was due to increased legal fees.
- Travel expenses were \$21,720 (2024 - \$Nil) due to trips taken by management for Company business.

Results of Operations – Six Month Period Ended – June 30, 2025

The Company's comprehensive loss for the six-month period ended June 30, 2025, totaled \$698,700 (2024 - \$381,684) with basic and diluted loss per share of \$0.18 (2024 - \$0.31). Significant fluctuations during the three-month period included:

- Advertising and promotion increased to \$22,028 (2024 - \$10,225) primarily due to advertising investor awareness initiatives conducted during the current period.
- General and administrative were \$87,616 (2024 - \$32,464). The increase during the current period was due to new office rental.

- Interest income on loan receivable was \$153 (2024 - \$53,857) due to interest accrued on the Agapi loan.
- Management and consulting were \$421,100 (2024 - \$271,250). The increase during the current period was due to increased consultants hired for corporate activity.
- Professional fees were \$103,513 (2024 - \$51,863) due to audit and legal fees. The increase during the current period was due to an increase in legal fees.

INVESTING ACTIVITIES

Agapi Shares

As the Proposed Transaction was never consummated, Cypher currently owns 802,290 Agapi Shares, representing 12.78% of the issued and outstanding Agapi Shares. In addition to the Agapi Shares received, Cypher also received royalties on the gross sales of all current and future products (“**Gross Sales**”). Such royalties to be paid in priority to all existing royalties are as follows:

- A 5% royalty on the first \$5,000,000 of Gross Sales;
- An additional 2.5% royalty on Gross Sales from \$5,000,001 to \$7,500,000; and
- An additional 2.5% royalty on Gross Sales from \$7,500,001 to \$10,000,000.

Should Agapi achieve the above-noted Gross Sales, Cypher would be entitled to additional consideration of \$375,000. Agapi imports cigars under the brand “Freud Cigar Co.” from two factories in the Dominican Republic, Tabacalera William Ventura and Tabacalera Diaz Cabrera. Both factories are owned and managed by well-known tobacco blenders. The factories work in partnership with the Company to curate unique and innovative cigar blends targeted at the luxury cigar consumer in the U.S.

Investment in Glanis

On April 15, 2020, the Company entered into an agreement with the shareholders of Glanis Pharmaceuticals Inc. (“**Glanis**”), pursuant to which the Company issued 6,600,000 Common Shares to Glanis with a fair market value of \$990,000 to acquire a 49% interest in Glanis (the “**Initial Agreement**”). In connection with the Initial Agreement, the Company arrived at the fair market value based on a valuation report prepared by Working Capital Corporation on April 1, 2020.

The initial transaction value of \$990,000 was written down to expenditures and was covered by Cypher post-write-off, as Glanis did not have funding to cover certain costs to maintain patent filings, and Cypher believed there was value to maintaining these patent filings.

On April 14, 2023, the Company entered into an Agreement to Purchase Shares (the “**Glanis APS**”) with Glanis, whereby Cypher sold 4,846 common shares in the capital of Glanis (“**Glanis Shares**”) in exchange for \$250,000 worth of Glanis Shares to be issued upon completion of a listing event by Glanis. Prior to the Glanis APS, Cypher owned 4,846 Glanis Shares, representing 48.46% of issued and outstanding Glanis Shares. After the Glanis APS, the Company does not hold any Glanis Shares. The fair value of the consideration receivable, being the \$250,000 worth of Glanis Shares to be issued upon a listing event, was recorded at \$0 as the probability of the achievement of a successful listing event was indeterminable.

SELECTED QUARTERLY RESULTS

A summary of selected information for each of the past eight quarters is as follows:

	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	(326,786)	(371,914)	(360,834)	(154,552)
Basic and diluted loss per share	(0.08)	(0.10)	(0.23)	(0.12)
Weighted average shares outstanding	3,977,515	3,818,926	1,552,923	1,283,896

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	(174,130)	(207,554)	(360,545)	(453,419)
Basic and diluted loss per share	(0.14)	(0.17)	(0.35)	(0.44)
Weighted average shares outstanding	1,241,998	1,193,127	1,039,401	1,038,127

The Company's comprehensive loss totaled \$326,786 for the three months ended June 30, 2025, with basic and diluted loss per share of \$(0.08). During the quarter, the Company earned revenue from digital asset mining of \$Nil. The loss during the period primarily related to general and admin expenses of \$55,952, professional fees of \$31,007, and management and consulting of \$197,936.

The Company's comprehensive loss totaled \$371,914 for the three months ended March 31, 2025, with basic and diluted loss per share of \$(0.10). During the quarter, the Company earned revenue from digital asset mining of \$Nil. The loss during the period primarily related to general and admin expenses of \$31,664, professional fees of \$72,506, and management and consulting of \$223,164.

The Company's comprehensive loss totaled \$360,834 for the three months ended December 31, 2024, with basic and diluted loss per share of \$(0.23). The loss during the period primarily related to \$109,245 related to the settlement of the loan receivable with Agapi and management and consulting of \$266,974.

The Company's comprehensive loss totaled \$154,552 for the three months ended September 30, 2024, with basic and diluted loss per share of \$(0.12). During the quarter, the Company earned revenue from digital asset mining of \$Nil. The loss during the period primarily related to general and admin expenses of \$6,430, professional fees of \$42,260, and consulting of \$112,260.

The Company's comprehensive loss totaled \$174,130 for the three months ended June 30, 2024, with basic and diluted loss per share of \$(0.14). During the quarter, the Company earned revenue from digital asset mining of \$Nil. The loss during the period primarily related to general and admin expenses of \$8,110, professional fees of \$22,999, and consulting of \$115,425.

The Company's comprehensive loss totaled \$207,554 for the three months ended March 31, 2024, with basic and diluted loss per share of \$(0.17). During the quarter, the Company earned revenue from digital asset mining of \$Nil. The loss during the period primarily related to general and admin expenses of \$24,354, professional fees of \$28,864, and consulting of \$155,825.

The Company's comprehensive loss totaled \$360,545 for the three months ended December 31, 2023, with basic and diluted loss per share of \$(0.35). During the quarter, the Company earned revenue from digital asset mining of \$Nil. The loss during the period primarily related to advertising of \$20,281, general and admin expenses of \$56,640, professional fees of \$87,730, and consulting of \$193,854.

The Company's comprehensive loss totaled \$453,419 for the three months ended September 30, 2023, with basic and diluted loss per share of \$(0.45). During the quarter, the Company earned revenue from digital asset mining of \$Nil. The loss during the period primarily related to advertising of \$55,816, general and admin expenses of \$83,149, professional fees of \$65,923, and consulting of \$244,380.

OFF-BALANCE-SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

PROPOSED TRANSACTIONS

The Company routinely evaluates various business opportunities which could entail direct acquisitions, trades and/or divestitures; however, there are no current discussions with third parties concerning any proposed transactions as of the date of this MD&A.

SIGNIFICANT EVENTS

On January 24, 2025, Mr. Hopkinson was appointed as Cypher's Chief Financial Officer following the resignation of Tatiana Kovaleva on January 1, 2025.

On February 2, 2025, the CSE determined that Cypher has not met the continued listing requirements as set out in CSE Policy 2, Appendix A section 2.9. Pursuant to section 2.4 of CSE Policy 6, the Company may not rely on confidential price protection, nor complete any financing without prior CSE approval. As a result, the Company ceased to trade on the CSE under the stock symbol "CODE" and started trading on the CSE under the symbol CODE.X. Currently, trading under the symbol "CODE" is halted in compliance with the policies of the CSE.

On February 17, 2025, the Company appointed Jeff Koyen as an independent director.

On April 24, 2025, the Company announced the appointment of Davidson & Company LLC, chartered professional accountants, as the Company's new auditor to hold office until the next annual meeting of shareholders. The Company's former auditor, PKF Antares Professional Corporation ("PKF"), resigned effective April 9, 2025. PKF's reports with respect to Cypher's financial statements for the fiscal years ended December 31, 2023 and December 31, 2024 did not contain a modified opinion.

RELATED PARTY TRANSACTIONS AND BALANCES

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has identified its directors and senior officers as its key management personnel. Total compensation to key management personnel was as follows:

	June 30, 2025	June 30, 2024
	\$	\$
Consulting services – George Tsafalas, CEO & Director	121,800	86,625
Consulting services – Michael Hopkinson, CFO & Director	18,900	-
Consulting services – Tatiana Kovaleva, former CFO	31,500	31,500

Consulting services – Brian Keane, Director	21,501	21,050
Consulting services – Jeff Koyen, Director	21,159	-
Consulting services – David Stadnyk, significant shareholder	120,750	-
Total	335,610	139,175

Included in accounts payable is \$Nil (December 31, 2024 - \$3,315) owing to George Tsafalas, the Company's President and CEO.

Included in accounts payable is \$Nil (December 31, 2024 - \$1,575) owing to Harrison Ross, the Company's former director.

Included in accounts payable is \$958 (December 31, 2024 - \$Nil) owing to Brian Keane, the Company's director.

Included in accounts payable is \$4,104 (December 31, 2024 - \$Nil) owing to Jeff Koyen, the Company's director.

Included in accounts payable is \$18,900 (December 31, 2024 - \$Nil) owing to Michael Hopkinson, the Company's CFO.

Included in prepaid expenses is \$15,514 (December 31, 2024 - \$Nil) to George Tsafalas, the Company's President and CEO.

Included in prepaid expenses is \$3,023 (December 31, 2024 - \$Nil) to Tatiana Kovaleva, the Company's former CFO.

During the period ended June 30, 2025, the Company paid or accrued \$120,750 (2024 - \$42,000) to Stadnyk & Partners Inc., a company controlled by David Stadnyk, a related party by virtue of significant shareholdings in Cypher. Included in accounts payable is \$39,375 (December 31, 2024 - \$Nil) owing to David Stadnyk.

On June 30, 2025, loans payable included \$20,500 (December 31, 2024 - \$Nil) owing to David Stadnyk, a related party by virtue of significant shareholdings in Cypher. The amounts due to and from related parties are unsecured, non-interest bearing and have no specific terms of repayment unless stated otherwise.

On May 1, 2025, the Company entered an unsecured loan of up to \$50,000 with Agapi Luxury Brands Inc., of which \$20,000 was advanced. The loan accrues interest at an annual interest rate of 10% and is repayable in full on May 1, 2026. Agapi is a considered a related party due to David Stadnyk being a CEO and sole director of Agapi and also being a significant shareholder of Cypher.

During the period ended June 30, 2025, the Company advanced a loan of \$4,500 to Supreme Critical Metals Inc. ("Supreme"). The loan is non-interest bearing and due on demand. Supreme is a considered a related party due to George Tsafalas is the CEO and President of Supreme.

Following the Proposed Transaction, the Company entered into the Settlement Agreement with Agapi, which constituted a related party transaction within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), given that George Tsafalas, the Company's President and CEO, was a shareholder of Agapi.

The related party transactions, respectively, were unanimously approved by the Board members who are independent for the purposes thereof, being all directors other than Messrs. Tsafalas. No special committee of the Board was established in connection with the related party transactions, the entering into of the Settlement Agreement, Glanis APS, and matters relating thereto, as the entire Board was engaged in respect thereof, and, other than Messrs. Tsafalas, who abstained from voting thereon, no materially contrary view or abstention was expressed or made by any director of the Company in relation thereto.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Please refer to the notes to the condensed interim financial statements for the period ended June 30, 2025.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

Please refer to the notes to the condensed interim financial statements for the period ended June 30, 2025.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	Number Outstanding
Common Shares	4,196,640
Warrants	417,777

The following table summarizes warrants outstanding as of the date of this report

Expiry date	Number of Warrants
December 28, 2025	77,500
December 28, 2025	10,420
August 6, 2026	74,805
September 18, 2026	30,647
September 23, 2026	4,000
July 25, 2027	219,125
July 25, 2027	1,280
	417,777

FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair values

The Company's financial instruments consist of cash, receivables, long-term investments, and accounts payable and accrued liabilities. Cash are carried at amortized costs, whereas long-term investments are carried at fair value. The fair values of receivables, and accounts payable and accrued liabilities approximate their carrying amounts due to their current nature.

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Level 1	Level 2	Level 3
June 30, 2025				
Digital assets	\$ 4,289	\$ -	\$ 4,289	\$ -
Investment	\$ 842,405	\$ -	\$ -	\$ 842,405
December 31, 2024				
Digital assets	\$ 6,047	\$ -	\$ 6,047	\$ -
Investment	\$ 842,405	\$ -	\$ -	\$ 842,405

Management considers the fair value of digital assets to be Level 2 under IFRS 13 Fair Value Measurement (“IFRS 13”) fair value hierarchy as the volume weighted average price taken from www.coingecko.com uses the volumes of multiple digital currency exchanges. There were no transfers between any levels during the period.

No expenses were incurred until subsequent to September 30, 2024 when the Company decided to continue development of the existing metaverse assets held. Note that digital assets of \$6,199 relates to a small amount of Ethereum held by the Company which can be used to make transactions related to the NFTs held (land in the metaverse).

The previously acquired metaverse properties consist of both a 3x3 and a 1x1 land plot (“NFTs”) in the Sandbox Metaverse, with an original cost of \$90,951. The NFTs were written down to a fair value of \$8,162 as at June 30, 2025. In turn, the Company spent an additional \$5,000 (inclusive of the consultant fees) to create the virtual lounge experience within the Sandbox Metaverse.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk associated with cash is minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company’s credit risk associated with its receivables is monitored by management. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its working capital requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. All of the Company’s financial liabilities have maturities of one year or less as at June 30, 2025.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, equity prices, and foreign currency fluctuations.

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company’s financial instruments. The Company’s loan receivable is at a fixed rate of interest. The Company is not exposed to significant interest rate risk with respect to these financial instruments as a change in the prevailing interest rates would not impact the future cash flows associated with the fixed rates of interest, nor would they be expected to impact the fair value of future cash flows unless and until such time as these financial instruments matured and were renewed or extended, instead of being collected.

Price Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the

individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is exposed to price risk associated with its long-term investment, classified in level 3 of the fair value hierarchy, respectively. Company closely monitors commodity prices of individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant.

Currency Risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At June 30, 2025, the Company held an insignificant balance of US dollar assets. A 10% change in the foreign exchange rate would not impact Statement of Loss and Comprehensive Loss by a material amount.

Digital Currencies Risk

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Further, digital currencies have no underlying backing or contracts to enforce recovery of invested amounts.

The profitability of the Company is directly related to the current and future market price of digital assets. In addition, the Company may not be able to liquidate its digital inventory at its desired price if required. Investing in digital currencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets. Digital assets have a limited history, and the fair value historically has been very volatile.

There is a risk that some or all of the Company's holdings of cryptocurrencies could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by the primary custodian with the public addresses that hold the Company's cryptocurrencies including customers crypto assets and/or destruction of storage hardware. Multiple thefts of cryptocurrencies and other digital assets from other holders have occurred in the past. Because of the decentralized process for transferring cryptocurrencies, thefts can be difficult to trace, which may make cryptocurrencies a particularly attractive target for theft.

RISKS AND UNCERTAINTIES

The following specific factors could materially adversely affect the Company and should be considered when deciding whether to make an investment in the Company. The risks and uncertainties described in this MD&A are those the Company currently believes to be material, but they are not the only ones the Company will face. If any of the following risks, or any other risks and uncertainties that the Company has not identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, prospects, financial condition, results of operations and cash flows, and consequently, the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Company's securities could decline, and prospective investors could lose all or part of their investment.

Limited Operating History

The Company has limited operating history as a technology investment company, and no operating history in making investments in the cryptocurrency or blockchain industries. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the cryptocurrency and blockchain market. There is no certainty that the Company will be able to operate profitably.

No Profits to Date

The Company has not made profits since its incorporation, and it is expected that it will not be profitable for the foreseeable future. Its future profitability will, in particular, depend upon its success in making strategic investments in companies involved in the cryptocurrency and blockchain industries, which themselves are able to generate significant revenues or capital appreciation. Because of the limited operating history, and the uncertainties regarding the development of the cryptocurrency market and blockchain technology, there are significant risks associated with the Company's investment strategy.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in developing a diversified and material portfolio of investments. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

The Company may be unable to obtain additional financing on acceptable terms or at all

The continued development of the Company will require additional financing. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of the Company's business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Volatility in the trading price of our publicly traded securities

The trading price of our Common Shares is subject to volatility due to market conditions and other factors and cannot be predicted. Investment in these securities is inherently risky and the holders of these securities may not be able to sell their securities at or above the price at which they purchased such securities due to trading price fluctuations in the capital markets. Trading price could fluctuate significantly in response to factors that are both related and unrelated to our operating performance and/or future prospects, and past performance is not indicative of future performance.

Dependence on Management Team

The Company currently depends on certain key senior managers to identify business opportunities and acquisitions. Management who have developed key relationships in the industry are also relied upon to oversee the core marketing, business development, operational and fundraising activities. As the blockchain and cryptocurrency technologies continue to become more competitive and regulated, the Company expects the competition for management and other skilled personnel to intensify. Competition for experienced senior management is intense and other companies with greater financial resources may offer a higher and more attractive compensation package to recruit our senior managers. If one or more of our senior managers are unable or unwilling to continue their positions with the Company, we may not be able to replace them easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company's business, financial condition and results of operations.

Cyber security risk

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include, but are not limited to, unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users).

A cyber incident that affects the Company or its service providers might cause disruptions and adversely affect their respective business operations and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Litigation risk

The Company may be subject to litigation arising out of its operations. Damages claimed under such litigation may be material, and the outcome of such litigation may materially impact the Company's operations, and the value of Cypher's Common Shares. While the Company will assess the merits of any lawsuits and defend such lawsuits accordingly, they may be required to incur significant expense or devote significant financial resources to such defenses. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Company's operations.

Access, loss or theft

There is a risk that some or all of our users' holdings of digital currencies could be lost, stolen, destroyed or rendered inaccessible, potentially by the loss or theft of the private keys held by custodians associated with the public addresses that hold our users' digital currencies and/or the destruction of storage hardware. Multiple thefts of digital currencies from other holders have occurred in the past. Because of the decentralized process for transferring digital currencies, thefts can be difficult to trace, which may make digital currencies a particularly attractive target for theft. The Company has security protocols in place; however, there is no assurance that these protocols will be successful in preventing such restriction of access, loss, or theft. Security breaches, cyber-attacks, malware and hacking attacks have been a prevalent concern for crypto trading platforms. The Company obtains and processes sensitive customer data. Any real or perceived improper use of, disclosure of, or access to such data could harm the Company's reputation, as well as have an adverse effect on its business. Any cyber security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Company's reputation and adversely affect its business, financial condition or results of operations.

Changes in the Value of Digital Assets may affect Trading

Investing in digital assets is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for digital assets can change rapidly and is affected by several factors, including regulation and general economic trends. The markets for digital assets have experienced much larger fluctuations than other markets, and there can be no assurances that erratic swings in price will slow in the future. In the event that the price of digital assets decline, the value of an investment in the Company will also likely decline. Several factors may affect the price and volatility of digital assets, including, but not limited to: (i) global demand for digital assets; (ii) the perception that the use, holding and trading of digital assets is safe and secure, and the related lack of or inconsistency in regulatory restrictions, particularly across various jurisdictions; (iii) conversely, heightened regulatory measures restricting the use of digital assets as a form of payment or the purchase of digital

assets; (iv) investor's expectations with respect to the rate of inflation; (v) interest rates; (vi) currency exchange rates, including exchange rates between digital assets and fiat currency; (vii) fiat currency withdrawal and deposit policies on crypto trading platforms and liquidity on such platforms; (viii) interruption of services or failures of major digital asset trading platforms; (ix) general governmental monetary policies, including trade restrictions and currency revaluations; and (x) global or regional political, economic or financial events and situations, including increased threat or terrorist activities.

Faulty Code

Flaws in the source code for digital assets have been exposed and exploited in past, including those that exposed users' personal information and/or resulted in the theft of users' digital assets. Discovery of flaws in, or exploitations of, source code that allows malicious actors to take or create money in contravention of known network rules has occurred. A malicious actor may be able to steal the Company's and/or its users' digital assets, which could result in reputational damage to and could adversely affect the Company's businesses, financial condition or results of operations, and result in a material loss for it and/or its users.

CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 – *Certificate of Disclosure in Issuer's Annual and Interim Filings*, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and the respective accompanying Management's Discussion and Analysis for the period ended June 30, 2025.

ADDITIONAL INFORMATION

You may access other information about our Company, including our continuous disclosure materials, reports, statements and other information filed with the Canadian securities regulatory authorities through SEDAR+.

You may also obtain a copy of the above-mentioned documents by contacting the Company as follows:

- > Cypher Metaverse Inc.
- > 500 - 666 Burrard Street
- > Vancouver, BC, V6C 3P6
- > 1 (778) 373-8578
- > info@cypher-meta.com