EDGE TOTAL INTELLIGENCE, INC.

(Formerly Aphelion Capital Corp.)

Management's Discussion and Analysis

For the Third Quarter Ended September 30, 2023 and 2022

INTRODUCTION

The following Management's Discussion and Analysis (this "MD&A") has been prepared as of October 31, 2023, in accordance with Form 51-102F1 and should be read in conjunction with the Company's Consolidated Financial Statements and accompanying notes for the three months and year ended December 31, 2022 and the Company's annual and the audited consolidated financial statements and the notes thereto for the years ended December 31, 2022 and 2021.

Edge Total Intelligence Inc. (formerly, Aphelion Capital Corporation) ("edgeTI") (the "Company") financial statements are available under edgeTI's profile on SEDAR+ at www.sedarplus.ca.

The words "we", "our", "us", "Company" and "edgeTI" refer to Edge Total Intelligence Inc. together with its subsidiaries and/or the management and employees of the Company (as the context may require).

The Company's fiscal year ends on December 31 of each year. All dollar figures are stated in United States dollars unless otherwise indicated.

Forward looking statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's objectives and the strategies to achieve these objectives, as well as information with respect to the Company's beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects, and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

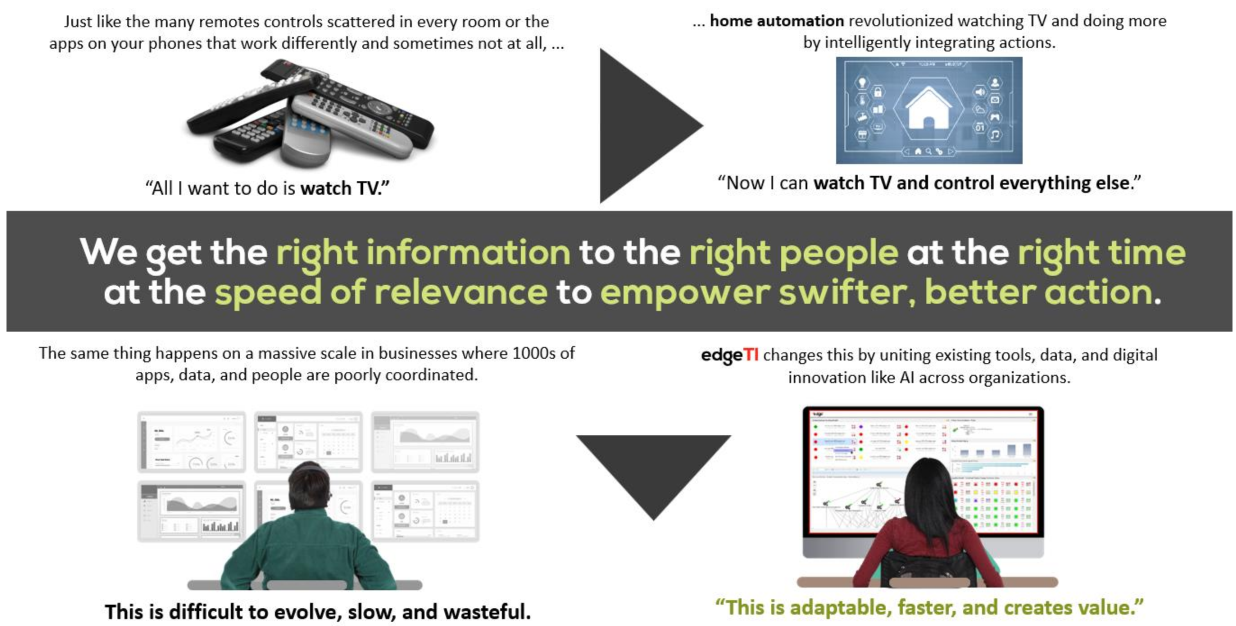
Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to: systems engineering operations; research and development operations; marketing and sales operations; business consulting operations; projections regarding the sales of subscriptions; statements with respect to the Company's growth of its subscription software license business; business strategy; future planning processes; statements with respect to the Company's future financial position including operating efficiencies, cash flow, capital budgets, costs and expenditures; and the risk factors that are discussed in greater detail under "Financial Instrument and Risk Management" and under the heading "Risk Factors" in the Filing Statement. Although the forward-looking information contained herein is based upon what the Company believes are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Company's business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and the

Company does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Business Overview

Our Core Business Purpose

edgeTI makes software that rapidly and securely delivers the right information to the right people at the right time at the speed of relevance — empowering its customers to take swifter, better action over and over. edgeTI solves real world challenges and enable its customers seize opportunities by extracting and aggregating operational and management data from disconnected systems, while providing automated workflow "pipelines" to orchestrate specific tasks across various business and IT systems. Progress, status, and results are presented in the context of the user's role and assignment (C-level to System Admin to Customer Support), allowing the same data to be used for different perspectives and ensuring everyone is working in sync. Through the combination of data aggregation, task automation, and user visualization, both everyday scheduled and ad-hoc work becomes more observable, scalable, accurate and efficient.



Objectives and Strategy

Our goal is to be leaders in digital transformation in financial, healthcare, technology, managed services, and government organizations by providing real-time access to data in a transparent, measurable, executable, and explainable way. This took clearer focus as the company enabled AI-driven and Automation innovations to be seamlessly woven into operations improving their ROI and success. We achieve digital transformation using the multiple systems our customers already have in place, eliminating the need for additional databases or data pathways that can be subject to increased cybersecurity risk and supplement this with AI and Automation to form Digital Twins of Organizations, composite operations, and processes.

Our sales strategy is focused primarily through our strategic sales partners and, to a lesser extent, direct sales. Our revenue model consists of annual subscription fees, user licences, implementation services, and advisory services. We grow our revenue through the addition of new customers, extension of the platform to new use cases that adds users and integrations.

Going Concern and Financial Outlook

Our consolidated financial statements for the third quarter ended September 30, 2023 have been prepared based on accounting policies applicable to a going concern, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year three months ended June 30, 2023, the Company incurred negative cash flows from operating activities of $699,530 (June 30, 2022 – negative cash flows of $3,087,882); an accumulated deficit of $31,445,229 (December 31, 2022 – $29,417,205); and an excess of current liabilities over current assets of $5,052,559 (December 31, 2022 – $8,627,342). To continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments. The future of the Company is dependent on (i) its customers renewing software subscriptions; (ii) fulfilling its scheduled commitments for interest and debt repayments to its lender; (iii) obtaining waivers from the lender for any breach of covenants; and (iv) its ability to: (A) reduce costs; (B) generate sufficient funds from operations; (C) continue receiving financial support from its shareholders; and (D) obtain new financing. There is no certainty that the Company will be able to reduce costs, raise necessary funds from financing or operations, or obtain sufficient working capital from its shareholders or from external financing to settle the Company's liabilities and commitments as they become due. There is also a risk that funding will not be available on a timely basis or on terms acceptable to the Company. As a result of these factors, there is a material uncertainty that may result in a significant doubt regarding the Company's ability to meet its obligations as they come due and continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

OVERALL PERFORMANCE HIGHLIGHTS

- *Subscription revenue grew 30% to $1,035,269 for Q3-2023 from $795,698 the quarter ending September 30, 2022 ("Q3-2022") as nine months ended subscription revenue reached $2,844,133.*
- *Monthly Recurring Revenue ("MRR") at end of Q3 -2023 increased 15% to reach $369,923 when compared to the prior quarter's, June 30, 2023 ("Q2-2023"), result of $321,593.*
- *Cost of revenue decreased 39% to $203,5496 for Q3-2023 from $334,436 in Q3-2022 resulting in an 80% gross margin.*
- *Operating costs reduced 17% to $992,505 for Q3-2023 versus $1,191,103 in Q3-2022 and net operating loss $(160,832) for Q3-2023 down 73% from Q2-2023.*
- *On July 11, 2023, the United States Department of Veterans Affairs selected the Company for a five-year contract extension to visualize and empower pharmacy monitoring automation valued at near $4.7 Million.*

- *On August 16, 2023, edgeTI CRO Jacques Jarman delivered a presentation entitled, "Digital Twins - Driven by a Secure COTS Cross Departmental Data Mesh" at the Armed Forces Communications & Electronics Association International's (AFCEA) TechNet Augusta 2023 Conference.*
- *On August 23, 2023, edgeTI CRO, Jacques Jarman, delivered a presentation entitled "Energy and Logistics Situational Awareness Powered by a Proven Data Mesh Platform" at the Operational Energy and Logistics Summit in Honolulu, Hawaii at the request of the show sponsor.*
- *On August 23, 2023, the shareholders elected three new independent board members at the Company's annual general and special meeting of the shareholders.*
- *On September 26, 2023, the Company expanded into energy sector with partnership with energy AI Leader, Algo8 as the partnership optimizes digital plant & asset operations-seamlessly and at scale.*

Subsequent Event to the Second Quarter

- *On October 12, 2023, the TSX Venture Exchange approved Edge Total Intelligence Inc.'s prior announced debt settlement transaction with Lotus Domaine III LP (the lender) and it has completed debt settlement with the lender pursuant to which the lender converted all amounts owed as noted in its press release dated June 30, 2023. The transaction converted $6,185,278.79 (U.S.) in debt and interest into an aggregate of 9,109,541 subordinate voting shares (SVS) in the capital of the company at a deemed price per SVS of C$0.90, which was calculated by converting the outstanding balance to Canadian dollars using a conversion rate of $1 (U.S.) to $1.3255, and subsequent to the settlement, terminated the credit facility.*

RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
Selected Quarterly and Annual Information	**2023**	2022	**2023**	2022
Revenue	**$ 1,035,269**	$ 908,064	**$ 2,844,193**	$ 2,815,804
Cost of revenue	**203,596**	334,436	**839,970**	820,284
Gross profit	**831,673**	573,628	**2,004,223**	1,995,520
Gross margin %	**80%**	63%	**70%**	71%
Selling and marketing expenses	**292,742**	322,685	**742,374**	1,103,249
Administrative expenses	**257,520**	204,245	**1,261,058**	1,547,952
Research and development expenses	**422,520**	558,384	**1,203,622**	1,337,499
Other expenses (income)	**19,723**	105,789	**61,822**	324,600
Share-based expenses	**-**	-	**128,988**	-
	992,505	1,191,103	**3,397,864**	4,313,300
Operating loss	**(160,832)**	(617,475)	**(1,393,641)**	(2,317,780)
Interest	**162,600**	235,697	**706,871**	699,432
Change in fair value of warrant liability	**-**	(1,142,604)	**-**	(1,261,874)
Gain on loan modification	**-**	-	**(289,972)**	
Foreign exchange loss	**-**	(3,474)	**22,502**	(54,046)
Bad Debt Expense	**-**	-	**518,004**	-
Loss before income taxes	**(323,432)**	292,906	**(2,351,046)**	(1,701,292)
Income tax expense		-		
Net loss	**(323,432)**	292,906	**(2,351,046)**	(1,701,292)
Net loss per share - basic	**$ (0.02)**	$ 0.02	**$ (0.11)**	$ (0.10)
Net loss per share - diluted	**$ (0.02)**	$ 0.02	**$ (0.11)**	$ (0.10)
Share capital - issued and outstanding SVS	**19,155,459**	18,993,459	**19,085,475**	18,275,639
Share capital - issued and outstanding MVS	**26,570**	26,600	**26,570**	26,600
	As at September 30	**As at December 31,**		
	2023	2022	Change	% Change
Total assets	**$ 2,646,985**	$ 3,574,878	$ (927,893)	-26%
Total non-current liabilities	**$ 7,191,948**	$ 1,740,000	$ 5,451,948	313%
	Three months ended September 30,			
	2023	2022	Change	
Cash flow used in operating activities	**$ (317,410)**	$ (2,964,678)	$ 2,647,268	-89%
Cash flows from financing activities	**$ (24,955)**	$ (139,850)	$ 114,895	-82%
Cash used in investing activities	**$ -**	$ (255,509)	$ 255,509	-100%
Non- IFRS Measures	**Q3 2023**	Q2 2023	Q1 2023	Q4 2022
Monthly Recurring Revenue (MRR)	**$ 369,923**	$ 321,593	$ 292,103	$ 264,282
	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Adjusted EBITDA	**$ (81,109)**	$ (351,116)	**$ (917,776)**	$ (1,793,020)
	Three months ended September 30,			
	2023	2022	Change	% Change
Cash used in operating activities	**$ (317,410)**	$ (2,060,602)	$ 1,331,588	-65%
Add (deduct) changes in non cash working capital	**(137,775)**	701,559	(1,051,459)	-150%
Cash used in operating activities excluding changes in non cash working capital	**$ (179,635)**	$ (2,762,161)	$ 280,129	-10%

Revenues

	Three months ended September 30,		Nine months ended September 30,		Q3	Q3 YTD
	2023	2022	**2023**	2022	% Change	% Change
Subscription software licences	**$ 1,035,269**	$ 795,698	**$ 2,844,133**	$ 2,486,344	**30%**	14%
Professional consulting services	**-**	112,366	**-**	329,460	**-100%**	-100%
Total revenue	**$ 1,035,269**	$ 908,064	**$ 2,844,133**	$ 2,815,804	**14%**	1%

Subscription software license revenue for the three months ended September 30, 2023 increased $239,571 compared to the same period in 2022, while the nine months ended June 30, 2023 increased $357,789. The increase is primarily as a result of new customer contracts and increases in subscriptions more than offsetting customers that did not convert their maintenance contracts to subscription agreements and customer subscriptions that did not renew. The Company had no professional consulting services during the three months ended September 30, 2023 or YTD. This is consistent with the Company's focus on its software subscription sales and partnership with systems integrators.

Cost of revenue and gross margin

	Three months ended September 30,		Nine months ended September 30,		Q3	Q3 YTD
	2023	2022	**2023**	2022	% Change	% Change
Revenue	**$ 1,035,269**	$ 908,064	**$ 2,844,193**	$ 2,815,804	**14%**	1%
Cost of revenue	**203,596**	334,436	**839,970**	820,284	**-39%**	2%
Gross profit	**831,673**	573,628	**2,004,223**	1,995,520	**45%**	0%
Gross margin %	**80%**	63%	**70%**	71%	**17%**	27%

Cost of revenue is comprised of salaries and other personnel related costs, direct subcontractor, and other costs associated with delivering subscriptions and support services, as well as professional consulting services. Cost of revenue also includes the amortization of software development costs.

Gross margin % for the three months ended September 30, 2023 increased 17% compared to the same period in 2022 as a result of slightly less direct costs associated with delivery and implementation and a sharp reduction in amortization costs associated with edgeSuite software. The Company expects gross margins to improve in the going forward as revenues from subscription software are trending higher as of the end of the quarter, while direct costs are not projected to increase at the same pace.

Selling and marketing expenses

	Three months ended September 30,		Nine months ended September 30,		Q2	Q2 YTD
	2023	2022	**2023**	2022	% Change	% Change
Selling and marketing expenses	**$ 292,742**	$ 322,685	**$ 742,374**	$ 1,103,249	**-9%**	-33%
As a percentage of revenue	**28%**	36%	**26%**	39%	**-20%**	-33%

Selling and marketing expenses decreased $29,943 or 8% of revenue in the three months ended September 30, 2023, which was a 20% decrease compared to the same period in 2022. This was primarily as a result of sales discipline in managing costs while continuing to promote multiple initiatives to increase sales efficiently.

Administrative expenses

	Three months ended September 30,		Nine months ended September 30,		Q2	Q2 YTD
	2023	2022	**2023**	2022	% Change	% Change
Administrative expenses	**$ 257,520**	$ 204,245	**$ 1,261,058**	$ 1,547,952	**26%**	-19%
As a percentage of revenue	**25%**	22%	**44%**	55%	**11%**	-19%

For the three months ended September 30, 2023, administration expenses increased approximately $50,000 compared to the same period in 2022. The increase is primarily due to increased accounting fees of roughly the same amount that was taken in the quarter. Fringe benefits, travel, insurance, and administrative expenses from other departments all have fallen among historical norms and are relatively steady across quarters in 2023. Disciplined cost controls have added to the overall reduction of administrative expenses as compared to 2022 in each analyzed period.

Research and development expenses

	Three months ended September 30,		Nine months ended September 30,		Q2	Q2 YTD
	2023	2022	**2023**	2022	% Change	% Change
Research and development costs	**$ 422,520**	$ 558,384	**$ 1,203,622**	$ 1,337,499	**-24%**	-10%
As a percentage of revenue	**41%**	61%	**42%**	47%	**-34%**	-11%

Research and development expenses were reduced by $135,864 in the third quarter of 2023 versus the same time period in 2022. This consistent reduction in costs is attributable to reductions in fringe benefits and intercompany costs, while salaries have remained steady.

Other expenses

	Three months ended June 30,		Six months ended June 30,		Q2	Q2 YTD
	2023	2022	**2023**	2022	% Change	% Change
Other expenses	**$ 19,723**	$ 105,789	**$ 61,822**	$ 324,600	**-81%**	-81%
As a percentage of revenue	**2%**	12%	**2%**	12%	**-84%**	-81%

During the three months ended September 30, 2023, other expenses decreased approximately $40,000 as result of a reduction in depreciation expense. Depreciation expense reduced as result of the impairment recognized against depreciable intangible assets at December 31, 2022.

Interest Expense

Interest expense for the third quarter ended September 30, 2023 was $162,600 and $706,871 for the nine months ended September 30, 2023 compared to $235,697 and $699,432 in the same respective periods in 2022. The decrease in the third quarter of 2023 compared to the third quarter of 2022 is the result of reduced borrowing costs. The interest expense was offset by debt amendments in the first quarter of 2023 that among other things, lowered the interest rates on the majority of its related party debts and its promissory note indebtedness. There was also additional debt paydown at the end of 2022 which has also reduced the monthly and quarterly borrowing costs consistently throughout 2023.

Total assets

Total assets as of September 30, 2023 were $2,646,985 compared to total assets at December 31, 2022 of $3,574,878 which represents a decrease $927,893. The decrease is the result of decreased cash balance, lower accounts receivable and a significant write down of intangible assets at the end of 2022.

Total non-current liabilities

Total non-current liabilities as of September 30, 2023 were $7,191,948 compared to $1,740,000 as of December 31, 2022 represents an increase of $5,451,948. The increase is primarily a result of an increase in draw on the Company's line of credit with Lotus as well as a change in classification of the Company's related party payables to long term from current liabilities at December 31, 2022.

Liquidity and Capital Resources

During the three months ended June 30, 2023, the Company has primarily funded its working capital needs from drawing on its line of credit with Lotus, collections from receivables, and from its cash balance. In addition to funding ongoing options through its cash balance the Company has financial commitments outlined in the Financial Instrument and Risk Management section of this MD&A. These items taken together may materially affect the Company's liquidity.

Cash

As of September 30, 2023, the Company's reported cash balance was $185,608 compared to $480,135 as of December 31, 2022, representing a decrease of $294,527. The decrease is primarily due to negative cash flows in 2023, however the rate of cash loss has improved substantially versus 2022.

Working capital deficit

Working capital represents the Company's current assets less its current liabilities. The Company's working capital deficit as at September 30, 2023 and December 31, 2022, is as follows:

	September 30, **2023**	December 31, 2022	Change	Change (%)
Current assets	**$ 855,957**	$ 1,484,159	$ (628,202)	-42%
Current liabilities	**6,041,818**	10,111,501	(4,069,683)	-40%
Working capital deficit	**$ (5,185,861)**	$ (8,627,342)	$ 3,441,481	40%

The reduction in working capital deficit of $3,441,481 is primarily a result of the extension of maturity date of related party payables and partial repayment of related party convertible debentures and the draw on the Company's related party line of credit with Lotus and using the proceeds to repay $3m of the Company's promissory note with Salem.

Cash generated used in operating activities

Cash used in operating activities for the three months ended September 30, 2023 was $317,410, which adds to cash used in operations of $1,203,155 in the nine months of 2023. This compared to cash used in operations of $2,950,061 in the same period in 2022 and represents a reduction in the use of cash of $1,746,906. The reduction of cash used in operations is primarily a result of increasing revenues and managed operating costs that are discussed in this MD&A.

Cash flows from financing activities

Cash used in financing activities for the three months ended September 30, 2023 was $24,955 which equalled a total increase of cash from financing activities of $904,098 for the nine months of 2023. In the same period in 2022, the Company used $139,850 in financing activities which represents an increase of $1,048,477. The increase is primarily a result of the draw on the Company's line of credit offset by lease payments.

Cash flows used in investing activities

There were no cash flows from investing activities during the three months ended September 30, 2023 or in the nine months of 2023 compared to a $255,509 used in investing activities during the same period in 2022. In the comparable period of 2022, the criteria were met for capitalization.

Net loss and net loss per share

The net loss for the three months ended September 30, 2023 was $323,491 or $0.02 per share (basic and diluted) compared to a gain of $296,906 or $0.02 per share (basic and diluted) for the prior year period. The operating loss has actually been reduced substantially but the 2022 comparable period was boosted by a change in the fair value amount of warrant liabilities.

Non-IFRS Measures

Non-IFRS financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are unlikely to be comparable to similar measures presented by other companies. The Company provides non-IFRS measures as additional information to complement financial statements prepared under IFRS to provide further understanding of results of operations from management's perspective. These measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income or loss excluding interest, depreciation and amortization, and income tax expense. Adjusted EBITDA is defined as EBITDA excluding, one-time non-recurring expenses including reverse acquisition expenses, bad debt recovery or expense, change in the value of warrant liability and impairments.

We believe that Adjusted EBITDA and Adjusted EBITDA margin are useful measures of financial performance because they provide an indication of the Company's ability to seize growth opportunities in a cost-effective manner and finance its ongoing operations. A reconciliation from the Company's net loss for the three months ended September 30, 2023 is as follows:

	Three months ended September 30,		Nine months ended September 30,		Q2	Q2 YTD
	2023	2022	**2023**	2022	% Change	% Change
Net loss	**(323,432)**	292,906	**(2,351,046)**	(2,164,040)	**-210%**	-9%
Interest	**162,600**	235,697	**706,871**	699,432	**-31%**	1%
Amortizations	**79,723**	260,155	**369,379**	824,359	**-69%**	-55%
Share based expenses	**-**	6,204	**128,988**	163,149	**100%**	-21%
Change in fair value of warrant liability	**-**	(1,142,604)		(1,261,874)	**-100%**	-100%
Unrealized gain for foreign currency translation	**-**	(3,474)		(54,046)	**-100%**	-100%
Gain on Debt Modification	**-**	-	**(289,972)**	-		
Bad Debt Writeoff	**-**	-	**518,004**	-		
Adjusted EBITDA	**(81,109)**	(351,116)	**(917,776)**	(1,793,020)	**77%**	49%
As a percentage of revenue	**-8%**	-39%	**-89%**	-64%	**-80%**	39%

Monthly Recurring Revenue (MRR)

MRR represents the monthly recurring revenue for the next month after the end of the quarter and is a measure of the growth in the Company's subscription software licences and renewal revenue. MRR has increased to $369,923 as of the beginning of the new quarter. The Company's monthly recurring revenue has increased steadily over the last four quarters, increasing by $105,641 in 2023.

SHARE CAPITAL

The Company has 19,155,459 subordinate voting shares (SVS) and 26,570 multi voting shares (MVS) outstanding at September 30, 2022 compared to 18,993,459 SVS shares and 26,600 MVS shares outstanding at December 31, 2022. During the three months ended September 30, 2023, 30 MVS were converted into SVS shares.

Note: Subsequent to the close of the quarter September 30, 2023, TSX Venture Exchange approved Edge Total Intelligence Inc.'s prior announced debt settlement transaction with Lotus Domaine III LP (the lender). The completed debt settlement resulted in the conversion of $6,185,278.79 (U.S.) in debt and interest into an aggregate of 9,109,541 subordinate voting shares (SVS) in the share capital.

STOCK BASED COMPENSATION

Information about stock options issued and exercised during the nine months ended September 30, 2023 is as follows:

Stock options:	Number of Options	Average Exercise Price (in CAD)
Balance, December 31, 2021	800,000	$ 0.34
Grants during the period	2,034,935	0.62
Exercised during the period	(100,000)	0.05
Forfeited during the period	(183,301)	0.62
Balance, December 31, 2022	**2,551,634**	**$ 0.56**
Grants during the period	1,867,500	1.05
Exercised during the period	(132,000)	0.19
Forfeited during the period	(356,677)	0.84
Balance, September 30, 2023	**3,930,457**	**$ 0.78**

During the three months and nine months ended September 30, 2023, the Company recognized share-based compensation expense of $0 and $128,989 from the stock options that vested during the period. (December 31, 2021 — nil).

SUMMARY OF QUARTERLY RESULTS

		September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022
Total revenues	**$**	**1,035,269**	$	894,732	$	914,132	$	754,775
Net income (loss)	**$**	**(323,432)**	$	(1,440,061)	$	(685,520)	$	(4,530,504)
Net income (loss) per share basic	**$**	**(0.02)**	$	(0.08)	$	(0.04)	$	(0.25)
Net income (loss) per share fully diluted	**$**	**(0.02)**	$	(0.08)	$	(0.04)	$	(0.25)

		September 30, 2022		June 30, 2022		March 31, 2022		December 31, 2021
Total revenues	$	908,064	$	951,219	$	956,521	$	890,213
Net income (loss)	$	292,906	$	(627,608)	$	(1,366,590)	$	(8,447,943)
Net income (loss) per share basic	$	0.02	$	(0.03)	$	(0.08)	$	(0.95)
Net income (loss) per share fully diluted	$	0.01	$	(0.03)	$	(0.08)	$	(0.95)

Significant variances between the quarters above are as follows:

Quarter ended September 30, 2023

- The decrease in the net loss to $323,432 in Q3 2023 reflects both steady increases in revenues and cost discipline.
- Total revenues increased from $894,732 in Q2 2023 to $1,035,269 in Q3 2023 increasing subscription revenues and breaching $1m in quarterly revenues.

Quarter ended June 30, 2023

- The Increase in the net loss from $588,109 in Q1 2023 to $1,440,061 in Q2 2023 is primarily as a result of the bad debt expense of $518,004 recorded in Q2 2023.
- Total revenues decreased slightly from $914,132 in Q1 2023 to $894,732 in Q1 2023 maintaining relatively stable subscription revenues from existing customers.

Quarter ended March 31, 2023

- The decrease in the net loss from $4,530,504 in Q4 2022 to $685,520 in Q1 2023 is primarily as a result of the impairment loss on intangible assets of $3,075,130 recorded in Q4 2022.
- Total revenues increased from $754,775 in Q4 2022 to $914,132 in Q1 2023 primarily due to increases in subscription revenues from new customers.

Quarter ended December 31, 2022

- The increase in the net loss from net income of $292,906 in Q3 2022 to a net loss of $4,530,504 in Q4 2022 is primarily as a result of the impairment loss on intangible assets of $3,075,130 recorded in Q4 2022. The variance in net income (loss) is also due to the gain recorded on the change in warrant liability fair value of $1,261,874.
- Total revenues decreased $153,289 from Q3 2022 to Q4 2022 primarily due to reduced professional customer services of $10,000 in Q4 2022 compared to $112,366 in Q3 2022.

Quarter ended September 30, 2022

- The decrease in the net loss from $627,608 to net income of $292,906 is primarily as a result of a gain recorded on the change in warrant liability fair value of $1,261,874.

Quarter ended June 30, 2022

- The decrease in the net loss from $1,366,880 to $627,608 is primarily as a result of cost reduction initiatives primarily composed of staff reductions. As a result, the Company achieved near break-even adjusted EBITDA of a loss of $8,455 in the fourth quarter 2022, compared to an adjusted EBITDA loss of $523,226 in the first quarter of 2022.

Quarter ended March 31, 2022

- The increase in total revenues from $890,213 in Q4 2021 to $958,202 in Q1 2022 is primarily a result in increases in subscription revenues through new customs and increases to subscription renewal rates.

- The net loss decreased from $8,447,943 in Q4 2021 to $1,053,839 in Q1 2022 primarily as a result of the one-time costs incurred in Q4 2021 related to the Company's RTO transaction.

Quarter ended December 31, 2021

- The decrease in total revenues from $1,013,403 in Q3 2021 to $890,213 in Q4 2021 is primarily a result in a decrease in professional consulting revenues of approximately $350,000 due to no software integrations being completed in the fourth quarter of 2021.

- The net loss increased from $844,410 in Q3 2021 to $8,447,943 in Q4 2021 primarily as a result of reduced professional consulting revenue of approximately $350,000, impairment expense recognized in Q4 2021 of $2.3 million and reverse takeover expenses of $5.2 million being incurred in conjunction with the Company's RTO transaction.

FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from the Company's operating activities from trade receivables and financing activities from cash and cash equivalents.

Credit risk from financing activities is minimized by maintaining accounts in reputable financial institutions with high quality credit ratings. Cash is placed with a major U.S. financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto as at September 30, 2023 is $185,608 (December 31, 2022 - $480,135).

Credit risk from trade receivables is minimized by establishing credit policies such as determining and monitoring customer credit limits and requiring credit approvals. The Company does not hold any collateral as security but mitigates credit risk from trade receivables by transacting only with recognized and creditworthy counterparties.

During the three months ended September 30, 2023, the Company determined there was no single customer that was likely unable to meet its payment obligations (December 31, 2022 - $15,000), however the Company did take a bad debt write-down to reflect the shift of payment obligation as discussed in Note 19. The Company's trade accounts receivable balance as at September 30, 2023, net of the provision is as follows:

	Current	1-30	31-60	61-90	91 and over	Total
Accounts receivable aging	$ -	$ 15,000	$ 186,112	$ 89,529	$ 264,162	$ 554,803

The Company is exposed to concentration of credit risk relating to one customer that represents 27% of trade accounts receivable as at September 30, 2023 (December 31, 2022 - 40%).

During the three months ended September 30, 2023 and 2022, one customer accounted for 23% and 17% of total revenue respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company mitigates liquidity risk by adjusting its expenses in relation to its revenues, through working capital management, and loans and advances from its lenders. The Company's exposure to liquidity risk is dependent on the Company's ability to generate sales, manage its expenditures based on sales, and continued support from its lenders. At September 30, 2023, the Company has $11,361,592 (December 31, 2022 - $10,339,434) of liabilities net of deferred revenues with the following due dates and carrying values:

	Under 3 months	3 months - 1 year	1 - 2 years	3 - 5 years	Total
Accounts payable and accured liabilties	$ 743,443	$ -	$ -	$ -	**$ 743,443**
Related party loan payable	-	-	1,241,948	-	**1,241,948**
Lease payments	24,680	66,987	56,400	23,500	**171,567**
Promissory note payable	-	2,954,634	-	-	**2,954,634**
Related party line of credit facility	-	-	-	5,950,000	**5,950,000**
Warrant liability	-	300,000	-	-	**300,000**
Total	**$ 768,123**	**$ 3,321,621**	**$ 1,298,348**	**$ 5,973,500**	**$ 11,361,592**

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.

Currency risk

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values and cash flows of the Company's financial instrument holdings. The Company has minimal exposure to currency risk as it does not hold significant assets in currency other than USD and its international sales are denominated in USD.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its convertible note agreement which bears interest at 8%, but can increase to 13% under certain conditions.

Other price risk

Other price risk is 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 factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks.

RELATED PARTY TRANSACTIONS

The Company has a three-year lease arrangement for office space with a company controlled by an executive employee of the Company that commenced on March 1, 2021. During the first quarter of 2023, the Company renewed this lease arrangement. The Company is required to make monthly payments of $4,700 under the terms of the lease. During the three months ended September 30, 2023, the Company paid $14,100 (September 30, 2022 - $14,100) under this arrangement.

The Company defines key management personnel as being the Chief Executive Officer, Chief Technology Officer, and the Chief Financial Officer. No post-employment benefits or other long-term benefits were made during the three months ended September 30, 2023 or September 30, 2022. No termination payment was made during the nine months ended September 30, 2023 (September 30, 2022 - $52,000). Short-term key management and director compensation consists of the following:

	September 30, 2023	September 30, 2022
Salaries, bonus, and short-term employment benefits	**$ 474,519**	$ 615,482

On March 1, 2023, the Company amended its line of credit with Lotus to increase the amount available from $5.1 million to $5.95 million with the primary use to fund investor marketing activities. The amendment also allows for the principal and unpaid interest on the facility to be converted to the Company's SVS shares at a conversion price of $0.90 CAD per share. During the three months ended June 30, 2023, the company was advanced $203,393 on its line of credit, in addition to the $850,000 extended in the first quarter of 2023. On June 30, 2023, the Company announced the conversion of the line of credit with Lotus converting the principal and accrued interest totaling $6,185,279 to convert to 9,109,541 SVS shares subject to approval by the Exchange. The Exchange is still reviewing the transaction.

On January 23, 2023, the Company completed partial repayments totaling $100,000 to certain related party convertible promissory note holders. Additionally, the maturity on all remaining related party convertible promissory notes were extended to January 20, 2026 and the interest rate was reduced to 8%. The interest rate can be increased to 13% for the entire period in the event the debt is not repaid on or before the maturity date. Included in accounts payable is at June 30, 2023 $136,019 (December 31, 2022 $105,138) of accumulated accrued interest.

As at June 30, 2023, Edge Technologies Inc. has a related party payable to ConnertonA LLC, a company controlled by the CEO of the Company of $550,056 (December 31, 2022 - $550,056) relating to unpaid dividend distributions from prior years. The ConnertonA LLC payable bore interest at 3% compounded annually and at December 31, 2022, $31,915 of accrued interest is included in accounts payable and accrued liabilities. On January 23, 2023, the Company amended its payable to ConnertonA LLC, that increased the interest rate to 8% and established a maturity date of January 20, 2026. ConnertonA has a security interest in all the assets of the Company, however that security interest is not able to be acted on until the Salem indebtedness is paid in full, unless otherwise agreed to in writing by ConnertonA and any cure or waiver of the events of default shall not be a deemed release of ConnertonA's security interest unless ConnertonA consents in writing. The related party payable can only be discharged if all the debts under this agreement plus any other obligations to ConnertonA that may exist are repaid in full. The interest rate can be increased to 13% for the entire period in the event the debt is not repaid on or before the maturity date.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes.

Significant management estimates impacting the financial statements include the following:

Convertible note agreement

The Company's convertible note agreement is classified as a liability, with the foreign currency derivative component being measured at fair value. The liability was initially recorded at fair value and subsequently at amortized cost using the effective interest rate method; the liability is accreted to the face value over the term of the convertible note agreement.

Warrant liability

Determining the fair value of the warrant liability requires management to make significant assumptions that are highly uncertain about the Company's fair market value of its equity. Those assumptions could potentially have a material impact on the fair value of the warrant liability. To the extent possible management will engage or utilize third party estimates of the fair market value of Edge's equity whenever possible.

Useful lives of intangible assets

The useful lives of intangible assets including software development costs is a management estimate that impacts the amount of amortization expense recognized. Significant judgement is used to determine the useful life.

The expense in respect of periodic amortization is derived after determining an estimate of an intangible asset's expected useful life. Increasing the expected life would result in reduced amortization charge in the consolidated statements of income and comprehensive income. The useful lives of intangible assets were determined by management at the time the acquisition by Lotus and subsequently based on expected life when the product is put in use. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Deferred income taxes

Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carryforwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

Lease liability

In determining the interest rate used, management estimated the Company's incremental borrowing rate at the time of recognition of the lease liability. The estimate was based on management judgment of comparable companies.

Accounting Standards Issued and Adopted During the Period

There were no new standards or amendments to standards adopted during the six months ended June 30, 2023.