MyndTec Inc.
Management's Discussion and Analysis (MD&A) for the Quarter Ended June 30, 2024
(in Canadian Dollars, unless otherwise indicated)

Dated: August 20, 2024

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of MyndTec Inc. ("**MyndTec**" or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three-month period ended June 30, 2024. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the six-month period ended June 30, 2024 and 2023 (the "financial statements"), together with the notes thereto. Information contained herein is presented as at August 20, 2024, unless otherwise indicated.

Business Overview and Going Concern Note

The Company is incorporated under the *Business Corporations Act* (Ontario) and its head office is located at 1900 Minnesota Court, Suite 122, Mississauga, Ontario, L5N 3C9. The Company became listed on the Canadian Securities Exchange (CSE) on February 16, 2022 and trades under the symbol MYTC.

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. There is no certainty whether the Company will generate significant revenue or attain profitable operations in the near future, as it incurred a net and comprehensive loss of $628,939 and had a negative cash flow from operating activities of $540,156 for the six-month period ended June 30, 2024. As at June 30, 2024, the Company was in default on its Federal Economic Development Agency (FEDA) loan, with a principal balance of $429,842, and with respect to a claim by its former lawyer for $715,652 in fees.

The Company's ability to continue as a going concern is dependent on its raising of future required capital, bringing its products to market and achieving and maintaining profitable operations. The outcome of these matters cannot be predicted at this time. As a result, there exists a material uncertainty which creates significant doubt regarding the Company's ability to continue as a going concern.

As at June 30, 2024, the Company was in default in respect of its FEDA loan payable, with a principal balance of $429,842 and its $550,000 deferred payment agreement obligation to its former legal firm. Assuming there is no demand for payment of the deferred payment agreement or FEDA loan, the Company had a June 30, 2024 cash balance of $145,418 that covers less than two months of net operating expenses.

The Company has accumulated $20,307,705 of losses as at June 30, 2024, and its ability to continue as a going concern is dependent on it raising future required capital; bringing its products to market; and, achieving and maintaining profitable operations. The outcome of these matters cannot be predicted at this time. As a result, as indicated in notes 1, 2, 7, 10 and 18 of the financial statements, there exists a material uncertainty which creates significant doubt regarding the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments and classifications of assets and liabilities, which might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

Product Overview and Market Strategy

The Company is dedicated to the development and commercialization of innovative products that improve function, maximize independence and enhance the quality of life for individuals who have suffered injury to the central nervous system as a result of stroke, spinal cord injuries ("**SCI**") and traumatic brain injury ("**TBI**"). The Company develops non-invasive neuro and nervous system electrical stimulation therapeutics for the treatment of neurological diseases specifically targeted to markets with large, growing, global patient populations.

The Company presently has the following U.S. Food and Drug Administration ("**FDA**") cleared and Health Canada ("**Health Canada**") approved products:

1. The MyndMove™ system ("**MyndMove**"), a functional electrical stimulation ("**FES**") device for use in:

    - the improvement of arm and hand function and active arm and hand range of motion in patients with hemiplegia due to stroke or upper limb paralysis due to SCI (FDA indication)
    - The improvement of arm and hand function and active range of motion (upper and lower extremities) in patients with hemiplegia due to stroke or upper limb paralysis due to SCI (Health Canada indication).
    - The Company recently received an updated license from Health Canada for the expanded indication for the use of MyndMove to treat lower extremity to complement the original upper extremity indications. The Company believes this addition to the MyndMove therapy protocol library will provide patients with more rehabilitation options in a single device, while enabling Canadian therapists with more efficiency, effectiveness and reimbursement options. Furthermore, the Company believes it would have the opportunity to gain more of the market share through retaining patients for treatments that otherwise would be provided by competing providers of lower limb stimulation devices.

2. The MyndStep™ Foot Drop Stimulator system ("**MyndStep**") is a FES device commercialized in US and Canada for the treatment of foot drop secondary to an upper motor neuron (UN) injury including but not limited to Stroke and Spinal Cord Injury (SCI):

    - MyndTec launched the MyndStep system in November 2022 to leverage its capabilities in FES and access the foot drop market. After consideration of the increasing challenges related to the regulatory and the financial burden of direct oversight of the supplier, effective November 1, 2024, the Company has decided to discontinue the distribution of MyndStep. To ensure a smooth transition, the Company will work with the supplier on any obligations and will ensure existing customers have access to accessories. As a result, the Company has recorded a $29,496 obsolescence expense in the three-month period ended June 30, 2024.
    - For Canada, the Company will use the recently approved MyndMove lower limb functionality for the treatment of foot drop.
    - For the U.S., the Company is evaluating a 510(k) submission to the FDA to further expand the current indication for upper extremity protocols to include lower extremity. Given a prior rejection by the FDA, the timeline and costs to add this US approval is unknown.

Corporate Strategy

By investing in research and development efforts to enhance its existing products, exploring new applications of FES, and driving technological innovation in the field of neurology, the Company is seeking to leverage its existing knowledge base to expand its product portfolio by identifying related and new medical technologies that leverage FES to target neurodegenerative diseases and disorders such as Parkinson's disease, Alzheimer's disease, amyotrophic lateral sclerosis (ALS) and pain management. In connection with this, the Company may seek clinical validation by conducting rigorous clinical trials to demonstrate the safety, efficacy, and clinical benefits of our existing and new technologies across a range of neurological disorders. The Company may also seek to obtain further regulatory authorizations (e.g. FDA clearance, CE marking) for its medical technologies in key markets to ensure market access and commercialization.

To assist with the Company's corporate strategy and expand its market presence and penetration, the Company may seek to establish one or more of the following strategic initiatives and ventures:

- Strategic Partnerships: Forge strategic partnerships with key opinion leaders, research institutions, and industry stakeholders to advance scientific knowledge, collaborate on research projects, and enhance product development efforts.
- Continuous Improvement: Implement a culture of continuous improvement and innovation, soliciting feedback from stakeholders and leveraging insights to refine products, processes, and business strategies.
- Launch New Product Lines: Develop and launch innovative medical devices targeting specific neurodegenerative diseases and disorders, such as for Parkinson's disease, Major Depressive Disorder (**"MDD"**), Alzheimer's disease and pain management.

- Clinical Trial Investments: Invest in robust clinical trial programs to generate clinical evidence supporting the efficacy of the Company's technologies across different neurological disorders and patient populations.
- Regulatory Strategy: Develop comprehensive regulatory strategies to navigate the regulatory approval process efficiently and expedite market entry for the Company's medical technologies.
- Market Development: Implement targeted marketing and educational initiatives to raise awareness about the Company's products among healthcare professionals, patients, and caregivers, driving adoption and utilization.
- Customer Engagement: Establish strong relationships with healthcare providers and rehabilitation centers through training programs, clinical support services, and ongoing communication to ensure optimal utilization and customer satisfaction.

Technology Overview

MyndMove

The MyndMove system is a patented functional electrical stimulator coupled with proprietary treatment protocols that integrates neuro stimulation with a cloud-connected database. MyndMove is FDA-cleared and Health Canada-approved for the restoration of voluntary movement to stroke and SCI patients. It is marketed in Canada under medical device licenses 93158 and 106501 for treatment of upper and lower limbs, commercially available in the US under 510(k) Nos. K170564 and K212149 for treatment of the upper limb, and in Malaysia under Registration GB8907023-128917. MyndMove applies advanced principles of neuroplasticity and functional electrical stimulation to assist patients with paralysis of the arm, hand and lower limb to make lasting gains in the recovery of natural, voluntary movement. MyndMove's indications are for paralysis caused by stroke and spinal cord injury.

The Company is continuing to develop additional applications designed to address a broader scope of paralysis and is seeking clearance for the addition of lower extremity to the MyndMove therapy protocol library in United States. Health Canada has approved the use of MyndMove for lower limb treatment. This expansion of the MyndMove license represents an enhancement in neurorehabilitation, offering enhanced recovery potential for individuals with lower limb impairments in Canada.

Business Model

In Canada, the Company lends on a service fee basis and sells MyndMove directly to clinics and institutions. In the United States and Asia, the device is sold as a capital sale. The Company's operations in Mississauga provide dedicated customer service and access to its technical service personnel and clinical consults.

MyndMove R&D

To address user feedback and general market demand for innovative rehabilitation solutions resulting from the global prevalence and increase of neurological disorders due to aging populations and lifestyle changes, the Company evaluates improvements to the functionality of the MyndMove system. At present, the Company is evaluating the implementation of a wearable sleeve as a next iteration of the MyndMove device. The wearable sleeve, which is subject to regulatory clearance, is currently intended for the arm and hand and integrates dry electrodes, a recent development at the KITE Research Institute at the University Health Network ("**UHN**") in Toronto, Ontario. This combination is designed to enhance the MyndMove system and facilitate the therapy process for both patients and therapists, potentially offering the convenience of:

- shorter setup time, leading to optimized therapy time;
- lighter weight and smaller size components;
- home-based rehabilitation;
- self-management of chronic conditions;
- options for reimbursable remote monitoring by therapists; and
- convenience of durable, reusable dry electrodes, thus lowering costs of reordering hydrogel electrodes.

An initial prototype of the wearable sleeve has been generated and design feedback indicates feasibility. The company's development work is completed through a combination of internal resources, third-party development groups and other collaborators.

Competitive Overview

MyndTec's MyndMove technology faces diverse competition from established medical device companies to startups and research institutions. Some of the established companies include:

- Bioventus LLC (including the H200 Wireless Hand Rehabilitation System and the L300 Go Foot Drop System)
- Restorative Therapies, Inc. (including the RT300 FES systems, and the Xcite Clinical Stations, which are used for both upper and lower limb rehabilitation)
- Odstock Medical Limited (including the Odstock Dropped Foot Stimulator (ODFS) Pace)
- Medtronic PLC's FES systems as part of their neuromodulation portfolio
- AxioBionics, LLC (including the Walkaide FES system for use with the treatment of foot drop)
- Ottobock SE & Co. KGaA
- Shenzen XFT Medical Limited
- University of Miami (Miami Project to Cure Paralysis)
- Shirley Ryan AbilityLab (Chicago)
- National Rehabilitation Hospital (NRH) (Washington, D.C., USA)

Other institutes working on FES research include:

- The Cleveland FES Center, a collaborative research consortium that develops and evaluates FES technologies for various applications, including rehabilitation. It involves multiple academic and clinical institutions working together to advance the field of FES.
- Tecnalia, a research and technology organization that works on a variety of projects, including the development of FES systems for rehabilitation. Tecnalia collaborates with industry partners and academic institutions to advance FES technology and its applications.
- University of Miami (Miami, Florida, USA). Miami Project to Cure Paralysis: The Miami Project is one of the leading research centers focused on spinal cord injury and paralysis, with significant research dedicated to FES for restoring movement and function.
- National Rehabilitation Hospital (NRH) (Washington, D.C., USA) FES and Neuromodulation Laboratory: This lab focuses on developing FES-based interventions for rehabilitation, with particular emphasis on individuals with spinal cord injuries and stroke.
- Case Western Reserve University (Cleveland, Ohio, USA) Center for Functional Electrical Stimulation (FES Center): This center is a leader in FES research, focusing on developing innovative FES technologies to restore function in individuals with neurological impairments. The FES Center collaborates with the Cleveland VA Medical Center and other organizations.

Numerous startups and research institutions worldwide are actively working on developing innovative FES solutions for rehabilitation. These entities often focus on specific aspects of FES technology, such as improving stimulation techniques, enhancing user interfaces, or optimizing rehabilitation protocols. Overall, the FES market is dynamic and evolving, with ongoing advancements in technology, research, and clinical applications driving competition and innovation. Companies and organizations in this space continually strive to develop more effective and accessible FES solutions to improve the lives of individuals with neurological impairments. Accordingly, the Company anticipates new technologies and devices to come to market in the near future.

Regulatory Overview

The regulatory environment for neurorehabilitation devices such as MyndMove is determined by the device's level of risk and bringing these non-invasive devices to market involves prior regulatory clearance in respective markets. In the U.S., FES devices fall under the regulatory purview of the FDA. These devices are categorized as medical devices and are subject to regulation under the Federal Food, Drug, and Cosmetic Act ("**FD&C Act**") and the regulations outlined in Title 21 of the Code of Federal Regulations (CFR), specifically Part 21 (Medical Devices) and Part 820 (Quality System Regulation). The FDA classifies medical devices into three classes (Class I, II, and III) based on the level of risk they pose to patients and the regulatory controls necessary to ensure their safety and effectiveness. Most FES devices are classified as Class II devices, and as a result are subject to the FDA's

premarket notification requirements, commonly known as *510(k) clearance*. This process requires the manufacturer to demonstrate that the device is substantially equivalent to a legally marketed predicate device. Some FES devices may be classified as Class III devices if they pose a higher risk to patients. In such cases, premarket approval (PMA) is required, which involves a more rigorous review process to demonstrate the device's safety and effectiveness.

In Canada, the regulation of medical devices, including FES devices, is overseen by Health Canada. These devices are regulated under the Medical Devices Regulations, which are part of the Food and Drugs Act. Similar to the FDA's classification system, Health Canada categorizes medical devices into four classes (Class I, II, III, and IV) based on their risk level. Most FES devices are classified as Class II or III devices in Canada, depending on their intended use and risk level. Class II devices typically require a medical device license (MDL) application, while Class III devices may require a more in-depth review process. Health Canada assesses the safety, effectiveness, and quality of medical devices through its review process before granting market authorization.

At present, MyndMove is considered a Class II device in the U.S. and Canada. MyndTec has received regulatory clearance for MyndMove in the U.S. and in Canada.

Both the FDA and Health Canada require manufacturers to adhere to stringent quality management systems, conduct appropriate testing and clinical studies, and comply with labeling and post-market surveillance requirements to ensure the safety and effectiveness of electrical stimulation devices in North America. Additionally, manufacturers must stay updated with any changes or updates to regulatory requirements to maintain compliance.

Market Overview

Lower Limb

North America is expected to hold a major market share in the global foot drop treatment market due to the high prevalence of stroke and an increasing number of product approvals. Foot drop can arise due to a stroke. According to the Centre for Disease Control and Prevention, around 795,000 people experience stroke every year in the United States.

Stroke causes upper motor neuron injuries that lead to foot drop, an inability to lift the forefoot due to the weakness of dorsiflexors of the foot. More than 70% of hemiplegic stroke patients who can regain walking ability although they do not achieve good gait, can take advantage of FES treatments to recover their gait and correct their foot drop ailment[1].

The foot drop market is driven by factors such as the increasing prevalence of neurological conditions leading to foot drop, advancements in technology leading to more effective and user-friendly devices, and growing awareness about the importance of mobility and independence among individuals with mobility impairments. As the market continues to evolve, there is a growing emphasis on developing innovative solutions that are more personalized, adaptable, and accessible to meet the diverse needs of individuals with foot drop [1].

To address the growing demand for stroke and spinal cord injury rehabilitation approaches, in addition to the expansion of protocols into lower extremity, the Company is developing technological innovations to address stroke and SCI rehabilitation needs, specifically incorporating user friendly and workflow efficient wearable devices. These innovations will benefit both the patient and the therapist. Patient will have access to more affordable technologies and coverage while therapists will have access to more reimbursement options.

In 2022, the Lower Extremity Devices Market was valued at USD 1.20 billion, and it is projected to witness a 7.5% growth in revenue from 2023 to 2029, reaching nearly USD 1.99 billion [9]. Lower Extremity Devices are external attachments or applications used on lower limbs to enhance functionality by providing support, motion control, pain reduction, deformity correction, and prevention of progression [9].

The emergence of recent treatments for foot drop is anticipated to propel market growth in the forecast period. Various neurological impairments affecting gait, such as stroke, spinal cord injuries, multiple sclerosis, cerebral palsy, and brain injuries, occur globally at high rates. Foot drop, a common gait impairment resulting from these conditions, is characterized by paralysis or significant weakness of the ankle dorsiflexor muscles, leading to inadequate dorsiflexion during the swing phase of gait and uncontrolled plantarflexion, resulting in foot slap. Conventional treatments involve ankle-foot orthoses (AFOs), while promising alternatives such as robotic and electrical stimulation assistance techniques are being developed. Functional electrical stimulation (FES) and transcutaneous electrical nerve stimulation (TENS) are commonly used methods for compensating foot drop, with FES clinically beneficial in gait restoration [8]. Factors such as the increasing incidence of sports injuries and surgical procedures are driving the market. These devices are crucial for pain relief, quality of life improvement, and mobility enhancement post-surgery or in cases of abnormalities. Technological advancements, including digital integration, are major revenue drivers in this market [9].

Rising prevalence of brain and spinal disorders is anticipated to positively impact the lower limb FES segment market [8]. The following factors influence the growth of lower limb devices, including foot drop devices[9]:

- Increased Incidence of Accidents: The rise in accidents leads to a higher demand for lower extremity devices, such as orthoses, which provide support and aid in rehabilitation.
- Growing Aging Population: Elderly individuals are more susceptible to orthopedic disorders, driving the demand for lower extremity devices, particularly for conditions like arthritis and osteoarthritis.
- Preference for Foot Orthoses and Therapeutic Footwear: Foot orthoses and therapeutic footwear are increasingly preferred, especially by accident victims, athletes, and the elderly, driving market growth.
- Cost Constraints: The high cost of lower-extremity devices, coupled with limited reimbursement options, acts as a restraint on market growth.
- Technological Advances: Recent innovations in functional electrical stimulation (FES) devices and traditional orthoses are boosting market growth, providing alternatives to conventional treatments.
- The lower limb stimulation market includes product types such as knee orthotics, foot and ankle orthotics, and hip orthotics.

Key players in the market include DePuy Synthes, Stryker Corporation, Zimmer Biomet, DJO Global, CONMED, and others [9]. The global foot drop treatment market is highly competitive. Key players in the market include NextStep Robotics, Ottobock, Bioness Inc., Axio Bionics, Accelerated Care Plus Corporation, Saebo, Inc., Boston Orthotics & Prosthetics, Turbomed Orthotics, Ossur, Thrive Orthopedics [8], Bioness, Odstock Medical and Shenzhen XFT Medical[10].

North America is projected to hold the largest market share in the global foot drop treatment market, driven by the high prevalence of stroke and growing product approvals [8], innovative devices, specialized health care facilities, key market players [9], strategic collaborations and the emergence of wireless connectivity and smart devices [10]. It is worth noting that Asia-Pacific region is expected to witness the fastest growth due to factors like a large elderly population, improving infrastructure, and rising medical tourism [9].

Stroke and SCI

Each year, over 795,000 individuals in the United States experience a stroke [7], which stands as the primary cause of significant, long-term disability and decreased mobility. 87% of these strokes are ischemic [6, 7] and 13% hemorrhagic [6]. The hemorrhagic stroke occurs when an artery in the brain leaks blood, and ischemic stroke, when blood clots block the blood vessels [7]. The financial toll of strokes in the U.S., which accounts for 44.19% of the global FES market share [2], reached nearly $56.5 billion between 2018 and 2019. Despite widespread and individualized stroke prevention measures, strokes persist as the second leading cause of death and the third leading cause of both death and disability globally. The estimated global economic impact of strokes surpasses US$850 billion, comprising approximately 1.12% of the global Gross Domestic Product (GDP). Notably, from 1990 to 2019, the burden of strokes, in terms of both incidence and mortality rates, has substantially increased, with strokes now occurring more frequently among individuals under 70 years old. This shift is attributed to various risk factors such as high blood pressure, obesity, elevated blood sugar levels, environmental pollution, smoking, poor dietary habits, high LDL cholesterol, kidney dysfunction, alcohol consumption, and insufficient physical activity [2]. In the healthcare industry, the global market for stroke diagnostics and therapeutics was valued at $8.5 billion in 2022 and is forecasted to expand at a Compound Annual Growth Rate (CAGR) of 4.6% from 2023 to 2032, potentially reaching $66.41 billion by 2032. Specifically, the global market for Acute Ischemic Stroke Therapeutics is anticipated to escalate from USD 9.0 million to USD 14.0 billion by 2032 [5].

The functional electrical stimulation (FES) market, currently valued at US$931.4 Million, is projected to grow at a CAGR of 4.1% from 2023 to 2033. This growth is propelled by the increasing incidence of neurological disorders, an aging population, and advancements in electrical stimulation technology. North America holds a significant portion of the global FES market share, accounting for 44.19% [4]. The musculoskeletal disorders treatment market size is approximately 326 billion. US represents the largest market share (37%)[3].

In response to these trends, the Company is dedicated to developing technological innovations tailored to the diverse and evolving needs of stroke and spinal cord injury (SCI) patients. The Company aims to introduce accessible, cost-effective, and efficient devices that offer benefits for both patients and therapists.

Sales Overview

The Company has revenues from sales in Canada, the U.S. and Malaysia and has one operating segment which includes income related to MyndMove. The primary types of revenue that are earned from MyndMove include: (1) *treatment fees*, from treatment clinics that use the Company's MyndMove devices, and (2) *product sales*, from the sale of MyndMove and MyndStep devices to clinics or research institutions and the sale of device parts or treatment supplies.

The Company is currently working with its distribution partners to increase the sales of MyndMove in the U.S. and Asia. To support these efforts, the Company has increased the number of demonstration units available to distributors and assisted with awareness campaigns that increased the number of inbound leads provided to the distributors. By working with its distribution partners, the Company has learned that the sales cycle for MyndMove is longer than first thought and that many hospitals and clinics require a longer device evaluation period, and hospitals and clinics are under pressure, given reductions in reimbursement, to provide positive patient outcomes and remain profitable. In this environment, the product market fit is even more important. The Company has also seen increased competition from many different companies that have entered the market or are planning to enter the market.

Notes (Sources):

1 Mordor Intelligence, Foot Drop Treatment Market, Growth, Trends, Covid-19 Impact and Forecasts (2022-2027), https://www.researchandmarkets.com/reports/5529412/foot-drop-treatment-market-growth-trends

2 International Journal of Stroke, World Stroke Organization (WSO): Global Stroke Fact Sheet 2022

3 Towards Healthcare (2024) Musculoskeletal Disorders Treatment Market Size Envisioned at USD 326.26 Billion by 2032 https://www.towardshealthcare.com/insights/musculoskeletal-disorders-treatment-market-sizing

4 Future Market Insights Inc.(2024). Functional Electrical Stimulation Market Outlook (2023-2033). https://www.futuremarketinsights.com/reports/functional-electrical-stimulation-market

5 Market.Us (2024).Acute Ischemic Stroke Therapeutics Market by Drug Class (Thrombolytics, Antiplatelets, Anticoagulants, Statins, Antihypertensives), by Route of Administration (Oral, Parenteral), by Distribution Channel, Region and Companies – Industry Segment Outlook, Market Assessment, Competition Scenario, Trends and Forecast 2023-2032. https://market.us/report/acute-ischemic-stroke-therapeutics-market/

6 Johns Hopkins Medicine (2024). Types of Stroke. https://www.hopkinsmedicine.org/health/conditions-and-diseases/stroke/types-of-stroke

7 Centers for Disease Control and Prevention (May 2023). Stroke Facts. Retrieved in April 2024 from: https://www.cdc.gov/stroke/facts.htm

8 Datam Intelligence 2024. Global Foot Drop Treatment Market is segmented By Product Type (Electrical Stimulator, Braces/Splints, Other), By Application (Neuropathy, Muscle Disorders, Brain & Spinal Disorders, Others), and By Region (North America, Latin America, Europe, Asia Pacific, Middle East, and Africa) – Share, Size, Outlook, and Opportunity Analysis, 2023- 2030**.** Foot Drop Treatment Market Overview. https://www.datamintelligence.com/research-report/foot-drop-treatment-market

9 Maximize Health Research (2024). Lower Extremity Devices Market: Global Industry Analysis and Forecast (2023-2029). https://www.maximizemarketresearch.com/market-report/lower-extremity-devices-market/167120/

10 Reliable Research Reports (2024) . Global FES Foot Drop Devices Market Growth 2024-2028. https://www.reliableresearchreports.com/global-fes-foot-drop-devices-market-r1409488

Business Objectives and Milestones

To assist the Company in meeting its primary business objective to increase its technology offering and revenue, the Company intends to achieve the following milestones by December 31, 2024:

Note	Milestone	Estimated Completion Date
1	Regulatory submission in U.S. for the authorized use of MyndMove to include lower limb treatment	Q4 - 2024
2	Licence intellectual property, technologies or assets to expand and improve the Company's product offering	Q3 - 2024

Notes:

(1) The Company has received regulatory approval from Health Canada to expand the indications to include lower body stimulation for the MyndMove system. The Company plans to gather data towards a 510(k) submission with the FDA.

(2) On May 23, 2024, the Company announced a license agreement with the University of Toronto for certain neuro-regeneration technology. The company continues to explore other suitable technologies for licensing, including those involving artificial intelligence applications for advanced neurorehabilitation innovations.

Intellectual Property, Licensing and Technology Development

Intellectual Property Strategy

Supporting the Company's corporate strategy is its intellectual property ("**IP**") strategy, which includes:

- Patent Portfolio Development: Develop a robust portfolio of patents to protect the company's innovations in medical device technology, particularly in the field of neuromodulation and electrical stimulation for neurological disorders. This may involve filing and obtaining patents directed at novel devices, methods, algorithms, and software algorithms used in the treatment of stroke, spinal cord injury, and neurodegenerative diseases.
- Patent Filing Strategy: Implement a proactive patent filing strategy to capture key innovations and protect valuable intellectual property assets. This may involve filing patents in multiple jurisdictions to secure global protection and leveraging priority filing dates to develop and maintain competitive advantages.
- Licensing and Collaboration: Explore opportunities for licensing IP and technology to or from third parties or engaging in collaborative partnerships to leverage complementary technologies, expand market reach, and generate additional revenue streams. This may involve out-licensing non-core IP or acquiring IP from external sources to help strengthen the company's product portfolio.
- Trade Secrets Protection: Implement robust trade secrets protection measures to safeguard confidential information, proprietary know-how, and technical expertise that may not be suitable for patent protection. This may include implementing strict access controls, confidentiality agreements, and employee training programs.
- IP Due Diligence: Conduct IP due diligence assessments on a regular basis and as part of business transactions, such as mergers, acquisitions, or licensing agreements, to evaluate the strength and value of intellectual property assets, identify potential risks or liabilities and identify strategic opportunities.

Technology License – Neuro-regeneration

On May 23, 2024, the Company announced it secured an exclusive license from the University of Toronto for technology and intellectual property related to the use of neurostimulation and cell migration aimed at neural tissue regeneration. This technology is focused on treating brain and spinal cord injuries, as well as central nervous system disorders such as Parkinson's disease, Alzheimer's disease, and stroke. As consideration for the license, the University will receive royalties on net sales, and the Company will cover certain patent costs. The University retains rights to use the technology for research and educational purposes.

The licensed technology utilizes biphasic electrical stimulation to promote the migration of neural progenitor cells (NPCs) to damaged brain areas, aiding in neural connection restoration. Pre-clinical tests have shown this method can influence NPC survival and migration, offering flexibility and potentially reducing risks compared to traditional stimulation methods. This licensed technology aligns with the Company's MyndMove™ technology, which has demonstrated success in improving post-stroke function but addresses an unmet need for reversing disabilities caused by neurological diseases.

Technology License - Repair of Neural Structural Damage

The Company has a license with the UHN directed at technology designed to treat neural structural damage caused by central nervous system diseases and which enables the control of user devices through brain signal analysis. The Company has recently enhanced its intellectual property portfolio through the issuance of U.S. patent no. 11,955,217. The granted patent aligns with the Company's strategic focus on neurological treatments, particularly in addressing conditions like stroke.

MyndTec AI

The Company has commenced the exploration in the adoption of artificial intelligence in connection with its FES technologies and analogous technology areas. The Company is seeking to develop its MyndTec AI platform as one tool in its ongoing research to understand the complexities of the brain and to develop innovative treatments for neurological conditions, MyndTec AI is being designed to enable us to:

- Transform complex brain images into functional models
- Identify cross-patient neural similarities and differences
- Uncover novel, widely applicable treatment approaches
- Analyze intricate brain activation patterns and neural connections

At present, the Company is exploring several areas using MyndTec AI, including:

- Mapping neural pathways and identifying alternative routes
- Characterizing brain patterns associated with various conditions
- Developing targeted treatments for affected brain regions

Whether the Company is ultimately successful in its exploration and any implementation of MyndTec AI, is dependent on numerous factors, including the Company's ability to continue to finance the business through equity and/or debt capital raising, its ability to attract and retain key talent, and its ability to create a value-added product or technology differentiation that would be well received by the market. There are numerous companies seeking to include artificial intelligence and there is no guarantee that the Company's endeavors in this area will be successful.

Significant Transactions and Business Highlights

2024 Financings

On February 13, 2024, March 19, 2024, May 27, 2024, and June 24, 2024, the Company completed four tranches of a non-brokered private placement announced on October 13, 2023 (the "**October 2023 Private Placement**") for a total of 723,694 units (collectively, "**Units**" and each a "**Unit**"), with its largest shareholder, at $0.75 per Unit, for total aggregate gross proceeds of $542,770. Each Unit was comprised of one common share (each, a "**Common Share**") in the capital of the Company and one Common Share purchase warrant (each, a "**Warrant**"), each exercisable to acquire one Common Share. The subscriber ultimately received 723,694 Common Shares of the Company and 723,694 Warrants to acquire Common Shares at an exercise price of $0.90. The Warrants expire three (3) years after the respective issue dates. Of the $506,514 in net proceeds, $160,982 was allocated to the value of the Warrants, based on a Black Scholes valuation of the warrants with an exercise price of $0.90; a weighted average estimated $0.50 value of Common Shares; a weighted-average volatility rate of 91.0%; an expected 3-year life for the warrants; and a weighted-average risk-free interest rate of 3.94%.

2023 Financings

On January 11, 2023 and May 23, 2023, the Company completed two private placements (the "**January 2023 Private Placement**" and "**May 2023 Private Placement**", respectively) for a total of 1,259,038 Units with its two largest shareholders, at $0.75 per Unit, for total aggregate gross proceeds of $944,280. On November 3, 2023 and December 20, 2023, the Company completed two tranches (the "**2023 Tranches**") of the October 2023 Private Placement for a total of 361,705 Units, with its largest shareholder, at $0.75 per Unit, for total aggregate gross proceeds to the Company of $271,279. Each Unit was comprised of one Common Share and one Warrant, each exercisable to acquire one Common Share.

In connection with the January 2023 Private Placement, May 2023 Private Placement and the 2023 Tranches of the October 2023 Private Placement, the subscribers ultimately received 1,620,743 Common Shares and 1,620,743 Warrants to acquire Common Shares at an exercise price of $0.90. The Warrants expire January 11, May 23, November 3 and December 20 of 2026, respectively. Of the $1,152,625 in net proceeds, $413,247 was allocated to the value of the Warrants, based on a Black Scholes valuation of the Warrants with an exercise price of $0.90; a weighted average estimated $0.77 value of Common Shares; a weighted-average volatility rate of 91.88%; an expected 3-year life for the warrants; and a weighted-average risk-free interest rate of 3.77%.

Forgiveness of Financial Obligation to a Current Director

As of August 11, 2023, Dr. Popovic, a Director of the Company, agreed to forgive MyndTec's debt in the amount of $75,000. The debt comprised the outstanding balance owed by the Company to Dr. Popovic for compensation due to him for services provided as a former interim CEO in 2017.

Debt Conversion to Equity and Forgiveness of Government Debt

On July 6, 2023, the Company closed a settlement agreement with the Health Technology Exchange, whereby the Company's repayment obligation of $756,121 was fixed as of May 29, 2023 and, then, partially repaid by the issuance of 540,088 in common shares, at $0.70 per share, for a total of $378,062.

The $378,059 remainder of the obligation was forgiven, after completing the condition that the Company's MyndMove product revenues do not exceed $1,000,000 in the twelve-month period ended May 29, 2024.

Appointment of Strategic Consultant

On May 30, 2023, the Company entered into a Consulting Agreement with Zen Koh, a renowned expert in the field of rehabilitation technology. This alliance is dedicated to identifying crucial acquisitions that will bolster MyndTec's market expansion and drive product innovation initiatives. This partnership will allow MyndTec to expand its reach and establish connections with a wider range of influential companies, ultimately generating substantial value for our shareholders, patients, and therapists.

Zen Koh is the Co-founder and Global CEO of Fourier Intelligence and has played a pivotal role in shaping the future of rehabilitative technologies. His dedication to pushing boundaries and improving patient outcomes is evident in his involvement with various non-profit organizations. Notably, he is the incoming president of the International Industry Society in Advanced Rehabilitation Technology (IISART), where he will contribute to the global advancement of the field. Furthermore, as the Co-founder and Executive Director of Motus Academy, a Swiss-based organization, Mr. Koh has been appointed as the General Chair for RehabWeek 2023. The Company has granted Zen Koh 500,000 stock options (the "Options"). Each Option entitles the holder to acquire one common share of the Company at a price of $0.75, pursuant to the Company's stock option plan. 240,000 of the Options vest monthly in equal installments over a period of 12 months in accordance with the terms of the Consulting Agreement. The remaining 260,000 of the Options vest upon completion of an acquisition within 12 months of the effective date. All vested Options shall be eligible for exercise for a period expiring on the 10th anniversary of the grant date provided that all unvested Options will terminate and expire in accordance with the terms of the Consulting Agreement.

Events Occurring after the Reporting Date

Financing

On August 12, 2024, the Company closed a seventh tranche of the October 2023 Private Placement for a total of 183,320 Units with an existing shareholder, at $0.75 per Unit, for total aggregate gross proceeds of $137,490. Each Unit was comprised of one Common Share and one Warrant, each exercisable to acquire one Common Share. The Warrants have an exercise price of $0.90 per Warrant and will expire three (3) years from the closing date.

Research and Development Expenses and Incentives

Research and development expenses consist primarily of employee-related expenses, contractor and consultant fees and corporate overhead allocations for the design, development and management of the Company's products and treatment tracking platform. The Company will continue to focus its research and development efforts on adding new protocols and clinical applications designed to expand the portfolio of clinical functionalities of the platform. In the past, these expenses have been reduced by Canadian federal SR&ED tax credits. As of February 16, 2022, when the Company became publicly listed, it qualifies for limited cash refundable SR&ED credits from that date forward.

Selected Financial Information

The following selected financial information is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**").

June 30, 2024 and 2023 and Annual December 31, 2023 Financial Information

	Six Months Ending		Year Ended
	30-Jun-24	30-Jun-23	31-Dec-23
	$	$	$
Total assets	428,674	755,649	554,848
Current liabilities	1,369,299	1,936,358	1,440,628
Non-current liabilities	48,460	42,501	34,000
Working capital (deficit)	(1,037,174)	(1,376,234)	(1,004,619)
Revenue	86,322	59,047	137,312
Gross Margin	(2,411)	21,574	54,896
Expenses	626,528	1,296,143	1,778,226
Net loss	(628,939)	(1,274,569)	(1,723,330)
Net loss per share, basic and diluted	(0.03)	(0.06)	(0.07)

Annualized Summary of Quarterly Results for the twelve months ending June 30, 2024

	$'000				
	Quarterly				Annual
For the Period Ended	September 2023	December 2023	March 2024	June 2024	March 2024
Total Assets	666	555	527	429	429
Revenue for the Period	57	21	69	18	165
Loss for the period	(83)	(365)	(293)	(336)	(1,077)
Loss per share	(0.00)	(0.02)	(0.01)	(0.01)	(0.04)

Annualized Summary of Quarterly Results for the twelve months ending June 30, 2023

	$'000				
	Quarterly				Annual
For the Period Ended	September 2022	December 2022	March 2023	June 2023	June 2023
Total Assets	1,166	643	807	756	756
Revenue for the Period	52	67	38	22	179
Loss for the period	(456)	(513)	(380)	(895)	(2,244)
Loss per share	(0.02)	(0.03)	(0.02)	(0.03)	(0.10)

Three-month and six-month periods ended June 30, 2024 compared to the same period ended June 30, 2023 ("Comparable Period")

Statement of Comprehensive Loss

	Three Months Ended		Six Months Ended	
	2024	2023	2024	2023
Revenue	**$ 17,181**	**$ 20,738**	**$ 86,322**	**$ 59,047**
Cost of sales	54,416	20,097	88,733	37,473
Gross margin	**(37,235)**	**641**	**(2,411)**	**21,574**
Expenses				
General and administration	180,101	210,875	387,791	409,418
Research and development	50,183	144,904	107,727	239,674
Quality and regulatory assurance	4,625	46,574	5,079	58,674
Selling and marketing	532	29,624	952	59,736
Share-based compensation	21,977	46,174	53,120	73,746
Interest and accretion expense	6,882	16,835	11,923	23,195
Depreciation and amortization	11,145	22,250	22,290	44,499
Changes in fair value	(1)	105,436	(1)	105,436
Public listing costs	23,420	272,337	37,647	281,765
Total operating expenses	298,864	895,009	626,528	1,296,143
Net and comprehensive loss	**$ (336,099)**	**$ (894,368)**	**$ (628,939)**	**$(1,274,569)**

Commentary respecting the six-month period ended June 30, 2024

For the six-month period ended June 30, 2024, the Company reported a net comprehensive loss of $628,939 compared to a net comprehensive loss of $1,274,569 for the comparable period, a decrease in net comprehensive loss of $645,630. This decreased loss is due to a $21,627 decrease in general and administration; a $131,947 decrease in research and development; a $53,595 decrease in regulatory assurance expenses; a $58,784 decrease in selling and marketing; a $20,626 decrease in share-based compensation; a $11,272 decrease in interest and accretion expense; a $22,209 decrease in depreciation and amortization: a $105,437 decrease in changes in fair value expense; and a $244,118 decrease in public listing costs – offset by $23,985 of lower gross margin.

Year-to-date Revenue and Gross Margin

Revenue increased $27,275 or 46.2%, due to a $16,758 decrease in treatment fees and a $44,033 increase in product sales.

Gross margin decreased $23,985 or 111.2%, due to a $29,496 obsolescence provision for MyndStep inventories - offset by a $5,511 increase related to product sales.

Year-to-date Operating Expenses

Total operating expenses decreased $669,615, or 48.3%, as noted above and in the following:

General and administrative expenses decreased $21,627, from $409,418 to $387,791, including: a $7,279 decrease professional fees; $8,351 of lower technology costs; a $19,049 decrease for insurance; and, a $2,964 decrease in other costs – offset by a $16,016 write off of a deposit for the purchase of MyndStep devices.

Research and development expenses decreased $131,947, from $239,674 to $107,727, due $34,532 to the resignation of the Vice President, Engineering in 2023; $20,995 to lower patent fees; and, $76,420 to 2023 development charges from UHN.

Quality and regulatory assurance costs decreased $53,595, from $58,674 to $5,079, due to the timing of external quality assurance audits. The Company is expecting $68,000 of audit costs in Q4'2024.

Selling and marketing costs decreased $58,784, from $59,736 to $952, due to the resignation of the Marketing Director and the elimination of the Company's sales database in 2023.

Non-cash share-based compensation expense decreased $20,626, from $73,746 to $53,120, due to contractor options issued in 2023.

The increase in Interest and accretion expenses relates primarily to short term interest expense accrued for the Company's former lawyers, in 2023.

Depreciation and amortization decreased $22,209, from $44,499 to $22,290, due to a significant portion of the Company's treatment devices becoming fully depreciated in 2023.

Changes in fair value expense is related to the HDX Loan that was settled in June 2023 and confirmed on May 29, 2024.

Public listing costs decreased $244,118, from $281,765 to $37,647, due to a $255,992 penalty payment accrued for the Company's former lawyers – offset by other increases of $11,874.

Commentary respecting the three-month period ended June 30, 2024

For the three-month period ended June 30, 2024, the Company reported a net comprehensive loss of $336,099 compared to a net comprehensive loss of $894,368 for the comparable period, a decrease in net comprehensive loss of $558,269. This decreased loss is due to a $30,724 decrease in general and administration; a $94,721 decrease in research and development; a $41,949 decrease in regulatory assurance expenses; a $29,092 decrease in selling and marketing; a $24,197 decrease in share-based compensation; a $9,953 decrease in interest and accretion expense; a $11,105 decrease in depreciation and amortization: a $105,437 decrease in changes in fair value expense; and a $248,917 decrease in public listing costs – offset by $37,876 of lower gross margin.

Year-to-date Revenue and Gross Margin

Revenue decreased $3,557 or 17.2%, due to lower treatment fees.

Gross margin decreased $37,876 due to a $29,496 obsolescence provision for MyndStep inventories plus a $8,380 decrease related to the lower treatment sales and higher fixed costs.

Year-to-date Operating Expenses

Total operating expenses decreased $596,145, or 66.6%, as noted above and in the following:

General and administrative expenses decreased $30,774, from $210,875 to $180,101 for reasons similar to the six-month period discussed above.

Research and development expenses decreased $94,721, from $144,904 to $50,183, due to lower patent fees and $76,420 of 2023 development charges from UHN.

Quality and regulatory assurance costs decreased $41,949, from $46,574 to $4,625, due to the timing of external quality assurance audits.

Selling and marketing costs decreased $29,092, from $29,624 to $532 for reasons similar to the six-month period discussed above.

Non-cash share-based compensation expense decreased $24,197, from 46,174 to 21,977, due to contractor options issued in 2023.

The increase in Interest and accretion expenses relates primarily to short term interest expense accrued for the Company's former lawyers, in 2023.

Depreciation and amortization decreased $11,105, from $22,250 to $11,145, due to a significant portion of the Company's treatment devices becoming fully depreciated in 2023.

Changes in fair value expense is related to the HDX Loan that was settled in June 2023 and confirmed on May 29, 2024.

Public listing costs decreased $248,917, from $272,337 to 23,420, due to a $255,992 penalty payment accrued for the Company's former lawyers – offset by other increases of $7,075.

Disclosure of Outstanding Security Data

The Company is authorized to issue an unlimited number of common shares. The table below lists the securities outstanding as at December 31, 2023, June 30, 2024 and August 20, 2024:

	As At		
	December 31, 2023	June 30, 2024	August 20, 2024
Common Shares	23,999,331	24,723,025	24,906,345
Common Share Purchase Warrants	6,359,447	7,083,141	7,266,461
Options	1,485,000	1,497,500	1,497,500

Liquidity and Capital Resources

As at June 30, 2024, the Company had negative working capital of $1,037,174 (December 31, 2023 – negative working capital of $1,004,619); and a cash and cash equivalents balance of $145,418 (December 31, 2023 - $187,411). Assuming there is no demand for payment of the deferred payment agreement or FEDA loan, the Company's December 31, 2023 cash balance covers approximately 45 days of operating expenses. As referenced on page 9, the Company received funds and accepted a subscription offer for a non-brokered private placement, closed on August 12, 2024 for a total of $137,490. The Company is not subject to any externally imposed capital requirements.

At June 30, 2024, the Company's negative working capital includes $715,652 of deferred payment agreement and disputed expenses payable and the $429,842 Federal Economic Development Agency loan that the Company will be unable to settle in cash, without a new public capital raise. Although Management believes it is not in the best interest of these debtors to attempt to enforce payment of these debts, as indicated in notes 1, 2, 7, 10 and 18 of the financial statements, these obligations create material uncertainty that the Company can complete a new financing.

There is unlikely to be significant capital spending for the twelve months ended June 30, 2025.

Working capital requirements for the twelve months ended June 30, 2025, are anticipated to be funded by the Company's June 30, 2024 working capital and future financings completed in 2024 and 2025 that have not yet been defined.

:2024 and 2023 financing transactions

See page 10 of this MD&A for details in respect of the Company's private placement financings completed in the six-months ended June 30, 2024, in which $506,514 of net proceeds were raised.

See page 10 of this MD&A for details in respect of the Company's private placement financings completed in 2023, in which $1,152,625 of net proceeds were raised.

Funding Requirements

As at June 30, 2024, the Company is not anticipating an ongoing profit from operations in the immediate term, therefore it is dependent on its ability to obtain equity or debt financing for growth. In addition to the funding closed on August 12, 2024, the Company will need additional capital no later than September 30, 2024 and is attempting to raise additional funds before that time.

Application of the Company's accounting policies in compliance with IFRS requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

Critical Judgments Used in Applying Accounting Policies

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- ***Going concern***
  Judgement is required in determining if disclosure of a material uncertainty related to events or conditions which cast significant doubt on the Company's ability to continue as a going concern is required.

  The estimates used by management in reaching this conclusion are based on information available as of the date of these financial statements were authorized for issuance and included an internally generated cash flow forecast. Accordingly, actual results could differ from those estimates and resulting variances may be material to management's assessment.

  As indicated in notes 1, 2, 7, 10 and 18 of the financial statements, a material uncertainty exists which creates significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments or re-classifications of assets and liabilities, which might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

- ***Stock options and warrants***
  The Company uses the Black-Scholes valuation model to determine the fair value of stock option awards granted and warrants granted in conjunction with the share capital subscriptions. The fair value of the warrants granted in conjunction with the issuance of convertible debentures were determined using the Black Scholes model. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield, forfeiture rates and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the share option realized from the original estimate. The assumptions and estimates used are further outlined in the share capital note.

- ***Fair value of financial instruments***
  The individual fair values attributable to the different components of a financing transaction, notably loans and borrowings and convertible debentures are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine the values attributable to each component of a transaction at the time of their issuance. When determining the discount rate used to estimate the fair value of government loans, the Company considers market conditions and other internal and external factors as well as third-party financing agreements entered into by the Company. In determining the fair value of the Health Technology Exchange loan, the Company uses judgment to estimate the future loan repayments based on projected future revenue. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- ***Financial assets***
  On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ('**FVOCI**''), or fair value through profit and loss ("**FVTPL**''). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is not designated as at FVTPL; it is held within a business model whose objective is to hold assets to collect contractual cash flows; and, its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

- ***Financial liabilities***

  The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

  The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost.

  Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss.

  The Company derecognizes financial liability when its contractual obligations are discharged or cancelled or expire.

- ***Financial liabilities and equity instruments***

  - Classification as debt or equity

    Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.
  - Equity instruments

    An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue cost.

The repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

- ***Classification of financial instruments***

  The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

  Classifications

○ Cash and cash equivalents	Amortized cost
○ Trade and other receivables, excluding HST	Amortized cost
○ Trade and other payables, excluding HST	Amortized cost
○ FEDA and CEBA Government loans	Amortized cost
○ HTE Government loan	FVTPL

- ***Impairment of financial assets***
  An expected credit loss ("**ECL**") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition through both the analysis of historical defaults and a reassessment of counterparty credit risk in revenue contracts on an annual basis.

Financial Risk Factors

The Company's business is subject to certain risks, including but not restricted to risks related to: market risk for securities, future financing risks; going-concern risks; global economy risks; use of proceeds risks; volatility of the Company's share price following a listing on a public exchange and the lack of trading history for the Common Shares; increased costs of being a publicly traded company; limited operating history in an evolving industry and history of losses; lack of brand development; expectations with respect to advancement in technologies; currency fluctuations; interest rates; taxes on the Company and its products; liabilities that are uninsured or uninsurable; economic conditions, dependence on management and conflicts of interest; intellectual property rights; attracting and retaining quality employees; key personnel risk; management of growth; product and services development; expansion risk; breach of confidential information; competition within the technology industry; corporate matters; issuance of debt; third party credit; short term investments; shares reserved for issuance; credit risk; liquidity risk; interest rate risk; and described from time to time in the Company's documents filed with Canadian securities regulatory authorities; and other factors beyond the Company's control.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall 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 and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Credit loss impairment is determined based upon review of specific accounts as the Company does not have significant historical uncollectable receivables. As of June 30, 2024, the Company had $2,137 in overdue trade receivables (June 30, 2023 - $5,779).

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables are all due within twelve months from the date of these financial statements.

If unanticipated events occur that impact the Company's ability to meet its forecast and continue to fund customer acquisition cost, research and development, and administrative requirements, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at June 30, 2024:

	Payments Due			
	Less than 1 year	2 - 3 years	After 3 years	Total
Trade and other payables	$ 917,389	$ -	$ -	$ 917,389
Government loans	434,910	-	-	434,910
Other long-term debt	5,068	11,502	12,646	29,216
	$ 1,357,367	$ 11,502	$ 12,646	$ 1,381,515

Market risk

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

- **Foreign currency risk** arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from United States dollar denominated cash, trade and other receivables, and trade and other payables. As at June 30, 2024, a 1% change in the foreign exchange rates would result in a $1,071 impact to the financial statements (June 30, 2023 - $562).
- **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 not exposed to interest rate risk as at June 30, 2024 and December 31, 2023, because all of its indebtedness is at fixed rates.
- **Other price risk** is the risk 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 risk as at June 30. 2024 and December 31, 2023.

Fair values

The carrying values of cash, trade and other receivables excluding HST, trade and other payables excluding HST and lease obligations are considered representative of their respective fair values due to the short-term period to maturity. The convertible debentures, deferred payment agreement and FEDA and CEBA Government loans approximate their fair value as the interest and discount rates are consistent with the current rates offered by the Company for its loans with similar terms. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- **Level 2** – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- **Level 3** – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the period, there were no transfers of amounts between levels. The fair value of the derivative and warrant liabilities and HTE government loan are determined using level 3 inputs.

	Valuation technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value**
HTC government loan	Discounted cash flows (note 11)	- Discount rate - Expected timing of repayments based on revenue forecast	An increase revenue growth or decrease in discount rate would increase the fair value of the HTC government loan.

Capital Management

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives, including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on a regular basis.

The Company considers its capital to be shareholder equity and borrowings. Shareholder equity comprises share capital contributed surplus, and deficit, which on June 30, 2024, totaled a deficiency of $989,085 (December 31, 2023 – deficiency of $919,780). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company is not constrained by externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the three-month period ending June 30, 2024 and year ended December 31, 2023.

Commitments and Contingencies

The Company is in default of its unsecured obligations to its former legal firm and the Federal Development Agency, for which it does not have the funds to repay. As of June 30, 2024, the Company's only foreseeable option to settle these $1,145,544 of obligations is to issue Company securities. Otherwise, the creditors might be inclined to commence legal proceedings. These obligations are an impediment to the Company's ability to complete future financings, which creates a material uncertainty and a going concern risk for the Company.

Of the Company's existing outstanding options, 260,000 options with a Black Scholes value of $170,189 and an expiry date of May 17, 2033 will vest and be recognized at such time as the Option Holder successfully introduces an acquisition to the Company, as specified in the respective contract.

On August 29, 2012, the Company entered into an agreement with a health services institution whereby it granted the Company an exclusive worldwide license to commercialize certain intellectual property related to a functional electrical stimulation device and system; for which the Institution received 400,000 of the Company's common shares, with a fair value of $400,000. In addition, the Company is committed to paying a cumulative royalty on the net sales of stimulators used to treat motor dysfunction, as follows:

- 0% on the first $1,000,000 cumulative net sales;
- 4% on the cumulative net sales exceeding $1,000,000 but not greater than $7,500,000; and,
- 1% on the cumulative net sales exceeding $7,500,000.

The amount of these fees for the six-month periods ending June 30, 2024 and 2023 are disclosed on page 22 of this MD&A.

The Company's current lease commitments, expiring July 31, 2024, are disclosed in Note 5 of the financial statements. The Company has renewed that lease for another one-year period, effective August 1, 2024 - for a total fixed cost of $30,855, plus variable common area costs, for the extra year. The lease renewal will not be capitalized, because of the short-term duration of the additional term.

Related Party Transactions

During the six-month periods ended June 30, 2024 and 2023, the Company recognized treatment revenues and device sales revenues from LBB Applied Technology Inc., a significant shareholder of the Company and the Company's distributor in the United States that was previously able to nominate one director to the Company's Board of Directors. These transactions were made in the normal course of business.

The Company has a shareholder and director, who is employed by the KITE Research Institute at UHN, an Institution over which he has significant influence and to which the Company is committed to a long-term license agreement, requiring the semi-annual payment of royalty fees. In addition, the Company has contracted with this Institution to sell MyndMove devices, which have been modified for research purposes; and to purchase research and development (R&D) services.

In 2017, the Board approved the remuneration of a director and shareholder, for services as interim CEO provided to the Company in addition to his role as director. As at June 30, 2023, the entire $75,000 amount remained unpaid and was included in trade and other payables. In the fourth quarter of 2023, the amount was forgiven by the director and shareholder and recorded as a reduction of general and administration salaries and benefits.

A summary of the Company's related party transactions and balances are as follows:

	June 30		December 31
	2024	**2023**	**2023**
Revenue during the six-month period ended			
Sale of devices and parts	29,147	2,279	
	$ 29,147	$ 2,279	
Expenses during the six-month period ended			
Share-based compensation for directors and senior officers	$ 21,035	$ 32,182	
Salaries, fees and benefits for directors and senior officers	176,786	214,420	
License fees	3,075	1,897	
	$ 200,896	$ 248,499	
Assets - as at the date specified			
Accounts receivable	$ 1,854	$ 3,616	$ 5,360
Liabilities - as at the date specified			
Due to director	$ -	$ 75,000	$ -
License fees and expenses payable	$ 90,296	$ 84,476	$ 96,759
Deferred revenue	$ 42,500	$ 59,500	$ 51,000

Related party share-based compensation for the six-month period ending June 30, 2024, includes $17,105 for Craig Leon, Director and Chief Executive Officer (June 30, 2023 - $31,632) and, $3,930 for other Directors (June 30, 2023 - $550).

Related party salaries and fees for the six-month period ending June 30, 2024, includes $133,536 for Craig Leon, Director and Chief Executive Officer (June 30, 2023 - $133,215); $nil for Ron Kurtz, former Vice President Engineering (June 30, 2023 - $37,205); $35,250 for Scott Franklin, Chief Financial Officer (June 30, 2023 - $36,000); and, $8,000 for other Directors (June 30, 2023 - $8,000).

Risks and Uncertainties

Operations of the Company

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to develop its business. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development of its products, creating possible obsolescence thereof. The Company will require new capital to continue to operate its business, and there is no assurance that capital will be available when needed, if at all. If such additional capital is raised through the issuance of additional equity, it may result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out development of its business or operations.

The Company has a limited history of operations and earnings on which to base an evaluation of its business and prospects and does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Directors and Officers

Certain directors, officers and advisors of the Company are also directors, officers, advisors, or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining if the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Competitive Conditions

The markets for the Company's products are competitive and rapidly changing, and a number of companies offer products similar to the Company's products and target similar customers. The Company believes its ability to compete, including the demand for the Company's products or the prices it can charge, depends upon many factors within and outside its control, including the timely development and introduction of new products and product enhancements; product functionality, performance, price and reliability; customer service and support; sales and marketing efforts; the introduction of new products and services by competitors; and changes in healthcare reimbursement policies.

Manufacturing and Supply Chain Disruptions

Global supply chain challenges, including component and raw material shortages, could impede the Company's ability to manufacture products efficiently and cost-effectively, potentially affecting production timelines and operational costs.

Cybersecurity Risks and Threats

The cybersecurity threat landscape continues to grow in complexity and intensity. The Company's systems, or those of its partners and service providers, may be vulnerable to breaches that could go undetected for extended periods, amplifying potential damage. Any IT system breach could result in data loss, regulatory penalties, reputational damage, and materially adverse effects on the Company's business, financial condition, and operational results.

Regulatory and Legal Risks

The Company's products face stringent regulatory requirements. Non-compliance could lead to fines, product recalls, or sales restrictions. The Company's success partly depends on protecting its intellectual property, but there's no guarantee against challenges, invalidation, or circumvention of its IP rights. Product liability claims alleging injury from the Company's products could be costly to defend and damage its reputation.

Challenges with AI Development

The Company's AI integration efforts may encounter technical difficulties, regulatory obstacles, or market resistance. As it explores AI applications, the Company may face scrutiny over ethical implications and potential biases in AI-driven medical technologies, which could impact product development and market acceptance. The success of MyndTec AI is contingent on numerous factors, including the Company's ability to secure ongoing financing through equity and/or debt capital raising, attract and retain key AI talent, and create value-added products or technology differentiation that resonate with the market. With numerous companies pursuing AI integration, there's no guarantee the Company's AI endeavors will be successful or yield a competitive advantage. The Company's ability to effectively implement and monetize AI technologies remains uncertain and subject to various risks and market forces.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's current shareholders could also be diluted.

Current Global Financial Conditions and Trends

Securities of technology companies in public markets have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of Companies in the technology sector are also significantly affected by proposed and newly enacted laws and regulations, currency exchange fluctuation and the political environment in the local, provincial and federal jurisdictions in which the Company does business. The current economic climate remains volatile, driven by factors such as inflation, interest rates, recessionary pressures, geopolitical issues, and socioeconomic and political uncertainties, particularly in the United States. Significant near to mid-term volatility is anticipated, with unknown potential impacts on the Company.

Management's Responsibility for Financial Information

The Company's financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with IFRS. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws (forward-looking information being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this MD&A. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", "is expected", "anticipates", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this MD&A; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; anticipated developments in operations of the Company; the timing and amount of funding required to execute the Company's business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Certain assumptions in respect of the Company's ability to recruit and retain key talent, ability to execute on growth strategies, the impact of competition, changes in trends in the Company's industry or macroeconomic conditions, including the ongoing impacts of the COVID-19 pandemic, and any changes in laws, rules, regulations, and global standards are material assumptions made in preparing forward-looking information and management's expectations.

Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: operational risks; regulation and permitting; evolving markets; industry growth; uncertainty of new business models; speed of introduction of products and services to the marketplace; undetected flaws; risks of operation in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; reliance on management and key employees; management of growth; risk associated with foreign operations in other countries; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; reliance on components and raw materials; change in technology; quality of products and services; maintenance of technology infrastructure; privacy protection; development costs; product defects; insufficient research and development funding; uncertainty related to exportation; legal proceedings; reliance on business partners; protection of intellectual property rights; infringement by the Company of intellectual property rights; resale of shares; market for securities; dividends; and, global financial conditions.

The risk factors set out in this MD&A or in the Company's other public disclosure documents are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, the global financial and credit markets have experienced significant debt and equity market and commodity price volatility which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements. Any financial outlook or future-oriented financial information in this MD&A, as defined by applicable securities laws, has been approved by the management of the Company.

Such financial outlook or future-oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future of the Company. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Additional Information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca