

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Danavation Technologies Corp. (formerly Wolf's Den capital Corp.) ("Danavation" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the six months ended January 31, 2021. 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 audited annual financial statements of the Company for the year ended July 31, 2020 as well as the unaudited condensed interim financial statements for the six months ended January 31, 2021, together with the notes thereto. Information contained herein is presented as at April 9, 2020, unless otherwise indicated.

Description of Business

Danavation Technologies Corp. (Formerly Wolf's Den Capital Corp.) was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. The registered office of the Company is located at 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8. The Company's principal activity relates to the sale of micro e-paper displays and software to retailers to automate labeling, price, product, and promotions in real-time.

During the period, the Company changed its name to Danavation Technologies Corp., consolidated its common shares on the basis of 1 for 30, and changed its year end from December 31 to July 31.

On January 8, 2021, the Company executed a share exchange agreement with Danavation Technologies Inc., resulting in a reverse takeover transaction. For a full description of the transaction, please refer to note 4 of the Company's January 31, 2021 condensed interim consolidated financial statements.

The Company's common shares trade on the Canadian Securities Exchange under the symbol "DVN".

Highlights

On March 4, 2021, the Company announced the signing of a software and purchasing agreement for Danavation's Digital Smart Labels™ with The Ensign Group, Inc. ("Ensign"), marking the Company's first installation in the healthcare sector. Through independent operating subsidiaries, Ensign has a total of 232 healthcare facilities providing a broad spectrum of skilled nursing, assisted living and other rehabilitative and healthcare services across the United States, and will be commencing a pilot launch of Danavation's platform which supports the Company's strategy to expand beyond its retail foundation. The pilot launch will be at an Ensign-affiliated interim care home located in San Diego, California, with installation to commence during the coming months.

On February 24, 2021, the Company announced the deployment of its Digital Smart Labels™ at Bombay Spice's Hamilton store in Toronto, Ontario, which is to be followed by a full roll-out strategy to all of the retailer's stores across Canada. Building on this foundational launch, Danavation and Bombay Spices, supported by their IT security firm, Swank Technologies, intend to commence the immediate roll-out of the Company's smart label technology within all 17 of Bombay Spices' locations in Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and New Brunswick, which is expected to be complete by early 2022. Bombay Spices is a specialty East Indian grocery chain offering more than 7,000 products and 200 brands procured from India and North America. By implementing Danavation's Digital Smart Labels™ across all stores, Bombay Spices gains the ability to update product and pricing at the shelf without the usual labour-intensive process, saving time and money.

On February 18, 2021, the Company announced the appointment of Mr. Daniel Matlow to its Board of Directors, effective immediately. Dan will replace Mr. Mark Di Vito, who stepped down from the Board. Dan is a seasoned executive with a proven track record of value creation across numerous technology-focused entities, including several successful exits. He brings over 30 years of strategic and executive leadership experience along with hands-on management of Software-as-a-Service (SaaS) and Platform-

as-a-Service (PaaS) companies. His broad expertise in the field of software vendor management is complemented by an extensive knowledge of software development, marketing, consulting and sales. Currently, he serves as the President and Chief Executive Officer (CEO) of Vitalhub (TSXV: VHI), a rapidly-growing provider of enterprise healthcare solutions that generates over \$20 million in annual revenue and serves over 400 customers internationally. Prior to joining Vitalhub in 2016, Dan was President and CEO of Medworxx Solutions Inc. (Medworxx) from 2014 to 2015, a provider of healthcare patient flow solutions throughout Canada, the US, the UK, France and Australia, until its sale to Aptean, a subsidiary of Vista Equity Partners, in October 2015. In addition, he previously held senior executive positions with software firms Corechange and OpenText.

On January 19, 2021, 8,245,000 of the Company's warrants began trading on the Canadian Securities Exchange, under the ticker symbol "DVN.WT".

On January 10, 2019, Danavation installed the Digital Smart Label System at Norwich Deli & Bakery.

On February 1, 2019, Danavation entered into a consulting agreement (the "**FCCC Consulting Agreement**") with First Canadian Capital Corp. ("**FCCC**"), pursuant to which FCCC was engaged as an independent contractor to provide financial, strategic and marketing advisory services to Danavation. The FCCC Consulting Agreement has an eighteen (18) month term, expiring August 1, 2020 (the "**FCCC Term**"), and provides for the parties to be able to extend the FCCC Consulting Agreement for another term as mutually agreed to by the parties. Pursuant to the FCCC Consulting Agreement, Danavation agreed to pay FCCC a consulting fee of \$12,667 per month (the "**Monthly Fee**"), plus applicable taxes. In addition to the Monthly Fee, Danavation has agreed to pay FCCC a one-time non-refundable fee of \$60,000 (the "**Bonus**") in connection with the entering into of the Share Exchange Agreement. The FCCC Consulting Agreement may be terminated upon thirty (30) days' written notice to the Company, or at any time by Danavation during the FCCC Term upon payment in full of the remaining Monthly Fees payable to FCCC for the minimum eighteen (18) month Term.

On February 20, 2019, Danavation installed the Digital Smart Label System at Unattended Markets resulting in consideration to Danavation.

On August 10, 2019, Danavation installed the Digital Smart Label System at Cataldi's Fresh Markets. Danavation plans to deploy the system at a further location by early 2021.

On September 17, 2019, Danavation installed the Digital Smart Label System (pilot) at Global Pet Foods.

On October 27, 2019, Danavation signed a (pilot) agreement with Burlington Coat Factory. The installation was scheduled for April 2020 but has been delayed due to COVID. The new installation date has been set for Q4 2020.

On March 16, 2020, Danavation entered into a subscription agreement (the "**FCCC Subscription Agreement**") with FCCC, pursuant to which FCCC purchased an aggregate of 15,000,000 Danavation common shares ("**Danavation Common Shares**") at a price of \$0.02 per Danavation Common Share for aggregate gross proceeds of \$300,000.

On March 23, 2020, Danavation installed the Digital Smart Label System (pilot) at an LCBO store located in Kitchener, Ontario, valued CAD \$16,045.65 as part of phase 1 of the pilot. Due to the success of the pilot, LCBO has signed a letter of intent to move to phase 2 of the pilot with plans to deploy the Digital Smart Label system at the flagship store located at 2 Cooper Street, Toronto, Ontario with the installation date set for October 2020.

On April 15, 2020, Danavation completed a non-brokered private placement of an aggregate of 14,700,000 Danavation Common Shares at a price of \$0.05 per Danavation Common Share, for aggregate gross proceeds of \$735,000.

On April 16, 2020, Danavation completed a non-brokered private placement of an aggregate of 1,400,000 Danavation Common Shares at a price of \$0.05 per Danavation Common Share, for aggregate gross proceeds of \$70,000.

On April 17, 2020, Danavation completed a non-brokered private placement of an aggregate of 500,000 Danavation Common Shares at a price of \$0.05 per Danavation Common Share, for aggregate gross proceeds of \$25,000.

On May 19, 2020, Danavation completed a non-brokered private placement of an aggregate of 5,081,662 Danavation Common Shares at a price of \$0.15 per Danavation Common Share, for aggregate gross proceeds of \$762,250.

On July 22, 2020, Danavation completed a non-brokered private placement of an aggregate of 1,270,000 Danavation Common Shares at a price of \$0.15 per Danavation Common Share, for aggregate gross proceeds of \$190,500.

On December 10, 2020 Danavation completed a brokered private placement of 16,490,000 subscription receipts at a price of \$0.25 per subscription receipts for gross proceeds of \$4,122,500 (the "**Concurrent Financing**"). Upon satisfaction of certain release conditions, each Subscription Receipt (as defined) will be automatically exchanged, without payment of any additional consideration, into: (i) one Danavation Common Shares, each of which shall immediately be exchanged for one resulting issuer share; and (ii) one-half of one Danavation Common Share purchase warrant, each whole warrant exercisable to acquire a Danavation Common Share at an exercise price of \$0.35 expiring within twenty-four months from the satisfaction of the release conditions, each of which shall immediately be exchanged for warrants of Wolf's Den Capital Corp. ("**Wolf's Den**") exercisable to acquire a resulting issuer common share on the same terms. Cash costs, including professional fees and cash broker commissions were \$456,310.

In connection with this private placement, 1,272,000 broker warrants were issued at an exercise price of \$0.25 per broker warrant for twenty-four months from from the satisfaction of the release conditions.

Business Objectives and Milestones

The Issuer is a Canadian-based Internet of Things (IoT) technology company, providing micro e-paper displays to organizations across North America. The Issuer's Digital Smart Labels™, powered by leading IoT automation technology and software platform as a service (PaaS), enables retailers, grocers, healthcare providers, manufacturing, and logistics companies to automate labelling, price, product, and promotions in real-time. This solves real pain points such as high labour costs, data accuracy, and low productivity associated with traditional labour-intensive workflows.

Since launching in November 2018, the Issuer has successfully commercialized the Digital Smart Label System 1.0 acquiring revenue generating customers with grocery stores, convenience and big box stores across the USA and Canada, such as Cataldi's Fresh Markets, Unattended Markets, Iqbal Halal Markets, and Tractor Supply

The Issuer is actively developing proprietary products and services for the retail and grocery industry, including a central command center for 24/7 monitoring, private cloud infrastructure for quick deployment and enterprise scalability, and artificial intelligence and analytics to provide inventory optimization, forecasting, marketing management, and dynamic pricing.

In addition to its Digital Smart Label™ business, the Issuer plans to actively develop and commercialize new proprietary products beginning in Q1 2021 including Radio Frequency ID/Near Frequency Communication tags, IoT sensors for compliance, video analytics, and biometric systems. Once developed and commercialized, the Issuer will be uniquely positioned to meet the growing demands for

Danavation Technologies Corp.
(Formerly Wolf's Den Capital Corp.)
Management's Discussion and Analysis
For the Six Months Ended January 31, 2021
Expressed in Canadian Dollars
Dated April 9, 2021

products and solutions that empower the adoption of smart retail, smart industry, smart buildings, and smart cities.

The Issuer expects to accomplish the following business objectives and milestones over the 12-month period following the date of document:

Business Objective	Action	By When	Estimated Costs
Business Development, Marketing & Promotions - Continuing to enter and expand market presence in the United States and Canada by establishing product sales and brand recognition with large retailers	Attend 3 trade exhibitions over the next 12-month period: <ol style="list-style-type: none"> 1. NGA Show- March 7, 2021 2. NRF Show - June 2021 3. NextPoint- October 7, 2021 Marketing tools, software advertising and promotions	Ongoing for next 12 months following date of Listing Statement	<ul style="list-style-type: none"> • \$25,000 •\$50,000 •\$25,000 •\$150,000
Expansion of Team Sales, Marketing and Customer Support Team - Expand management and operational team	Hire an additional 3 employees in sales, marketing, customer service and support within the next 12-month period	Ongoing for next 12 months following date of Listing Statement	\$280,000
Enter into Distribution Agreements and Expand relationships with suppliers and manufacturers - Sign multiple distribution agreements and geographical exclusivity arrangements beginning in Q1 2021 with channel partners increasing marketing leverage and operational competency and expertise in new markets	Identify and meet with channel partners to negotiate and enter into exclusive contractual agreements with channel partners within the next 12-month period. Meet with current and potential suppliers and manufacturers to negotiate and enter into exclusive contractual agreements within the next 6-month period.	Ongoing for next 12 months following date of Listing Statement. 6 months following date of this Listing Statement	\$10,000 (travel & expenses) \$20,000 (travel & expenses)
Engineering & Software Development - Launch the Digital Smart label 2.0 system- Added features include advanced analytics and artificial intelligence software, streamlining back office operations such as inventory	Hire additional 2 engineering, software development, big data & analytics, and technical support staff within the next 6 months	6 months following date of this Listing Statement	\$200,000

optimization/forecasting, promotions management, and dynamic pricing strategies			
Research and Development - Design and develop additional propriety and differentiated products for commercialization such as NFC/RFID, IoT sensors, video analytics, and biometric systems	Research, design and develop new products within the next 12-month period.	Ongoing for next 12 months following date of Listing Statement	\$50,000
IT/Network Infrastructure & Tech Support - Further enhance systems integration and on-site installation capabilities to seamlessly manage all operating activities and continue to create competitive advantages through best in class after sales service, support and customer service	Expand network infrastructure and hire additional tech support staff	Ongoing for next 12 months following date of Listing Statement	\$135,000

Selected Quarterly Information

Quarter	01/31/21	10/31/20	7/31/20	4/30/20	1/31/20	10/31/19	7/31/19	4/30/19
Revenue	114,761	13,000	13,000	4,179	88,834	-	7,977	N/A
Net income from continuing operations	(2,801,300)	(630,520)	(593,460)	(334,457)	(256,907)	(215,478)	(550,883)	N/A
Net income/loss in total and on per share basis	(0.09)	(0.01)	(0.01)	(0.01)	(1,358)	(1,077)	(2,754)	N/A

Three Months Ended January 31, 2021 vs the Three Months Ended January 31, 2020

For the three months ended January 31, 2021, the Company reported a net loss and comprehensive loss of \$2,801,300 compared with a net loss and comprehensive loss of \$271,502 during the three months ended January 31, 2020. The increase in the loss for the three months ended January 31, 2021 is primarily driven by increases in staffing, advertising, professional fees, general operational office consumable expenses, listing costs associated with the Company's reverse takeover transaction, and the black-scholes value of incentive stock options granted during the period.

Revenue from operations during the three months ended January 31, 2021 rose to \$114,761 from \$88,834 in the comparative period. The Comparative period represents the commencement of sales by the Company.

Salaries and benefits increased to \$532,336 during the three months ended January 31, 2021 compared with \$112,164 for the three months ended January 31, 2020, as the Company built its team and increased its investment in human capital.

Professional fees rose to \$34,126 during the three months ended January 31, 2021, compared with \$7,480 during the three months ended January 31, 2020, as the Company incurred legal, accounting and reporting fees associated with the reverse takeover transaction. The comparative period saw no such costs.

Advertising and promotion expenses increased during the three months ended January 31, 2021 to \$148,258 from \$2,149 during the three months ended January 31, 2020 as the Company invested further in marketing to improve post reverse takeover product awareness.

Trade show expenses increased to \$30,307 during the three months ended January 31, 2021 from \$24,674 for the period ended January 31, 2020, reflective of a presence at commercial trade shows attended during the current period where none were attended in the comparative period.

Consulting costs declined to \$20,933 for the three months ended January 31, 2021 from \$39,501 during the three months ended January 31, 2020, primarily driven by a periodic decline in use of operational consultants.

Office expenses declined to \$13,150 for the three months ended January 31, 2021, from \$56,734 during the comparative period, as the Company incurred greater costs during the ramp up in the prior period as it established its operations.

Amortization of equipment and right-of-use assets increased to \$29,258 during the three months ended January 31, 2021 from \$14,194 during the comparative period, primarily driven by the Company's prospective August 1, 2019 adoption of IFRS 16, requiring capitalization and amortization of its right-of-use lease commitments. Furthermore, in fiscal 2020, the Company acquired capitalized certain office equipment as it further established operations.

Interest on long-term debt declined to \$641 during the three months ended January 31, 2021 from \$13,363 during the three months ended January 31, 2020, primarily due to interest bearing loans with the Business Development Bank of Canada having been paid off during the current period.

Listing expenses of \$1,055,185 were expensed in relation to the reverse takeover transaction in the current period. There were no such transaction in the comparative period.

Stock based compensation expense of \$891,847 was expensed during the current period, representative of the fair value ascribed to the incentive stock options issued on January 14, 2021. There were no such grants in the comparative period.

Six Months Ended January 31, 2021 vs the Six Months Ended January 31, 2020

For the six months ended January 31, 2021, the Company reported a net loss and comprehensive loss of \$3,431,850 compared with a net loss and comprehensive loss of \$486,980 during the six months ended January 31, 2020. The increase in the loss for the six months ended January 31, 2021 is primarily driven by increases in staffing, advertising, professional fees, general operational office consumable expenses, listing costs associated with the Company's reverse takeover transaction, and the black-scholes value of incentive stock options granted during the period.

Revenue from operations during the six months ended January 31, 2021 rose to \$127,761 from \$88,834 in the comparative period. The Comparative period represents the commencement of sales by the Company.

Salaries and benefits increased to \$843,708 during the six months ended January 31, 2021 compared with \$224,328 for the three months ended January 31, 2020, as the Company built its team and increased its investment in human capital.

Professional fees rose to \$89,568 during the six months ended January 31, 2021, compared with \$7,480 during the six months ended January 31, 2020, as the Company incurred legal, accounting and reporting fees associated with the reverse takeover transaction. The comparative period saw no such costs.

Advertising and promotion expenses increased during the six months ended January 31, 2021 to \$292,036 from \$9,080 during the six months ended January 31, 2020 as the Company invested further in marketing to improve post reverse takeover product awareness.

Trade show expenses increased to \$36,307 during the six months ended January 31, 2021 from \$24,674 for the period ended January 31, 2020, reflective of a presence at commercial trade shows attended during the current period.

Consulting costs declined to \$38,021 for the six months ended January 31, 2021 from \$84,035 during the six months ended January 31, 2020, primarily driven by a periodic decline in use of operational consultants.

Office expenses increased to \$81,853 for the six months ended January 31, 2021, from \$61,410 during the comparative period, as the Company incurred greater costs during the ramp up in the prior period as it established its operations.

Amortization of equipment and right-of-use assets increased to \$45,340 during the six months ended January 31, 2021 from \$28,389 during the comparative period, primarily driven by the Company's prospective August 1, 2019 adoption of IFRS 16, requiring capitalization and amortization of its right-of-use lease commitments. Furthermore, in fiscal 2020, the Company acquired capitalized certain office equipment as it further established operations.

Interest on long-term debt declined to \$10,344 during the six months ended January 31, 2021 from \$19,135 during the six months ended January 31, 2020, primarily due to interest bearing loans with the Business Development Bank of Canada having been paid off during the current period.

Listing expenses of \$1,055,185 were expensed in relation to the reverse takeover transaction in the current period. There were no such transaction in the comparative period.

Stock based compensation expense of \$891,847 was expensed during the current period, representative of the fair value ascribed to the incentive stock options issued on January 14, 2021. There were no such grants in the comparative period.

Liquidity and Capital Resources

The Company had working capital of \$2,001,865 as at January 31, 2021 (July 31, 2020 – \$202,848), and cash and cash equivalent balance of \$2,491,986 (July 31, 2020 - \$698,641).

On December 10, 2020 Danavation completed a brokered private placement of 16,490,000 units \$0.25 per unit for gross proceeds of \$4,122,500. Each unit consisted of one common share and one half warrant, exercisable at an exercise price of \$0.35 per full warrant for twenty-four months from completion of the Transaction. Cash costs, including professional fees and cash broker commissions were \$456,310.

In connection with this private placement, 1,272,000 broker warrants were issued at an exercise price of \$0.25 per broker warrant for twenty-four months from completion of the Transaction.

Other than the loans from the Business Development Bank of Canada which were fully repaid during the current peiod, the Company has no credit facilities with financial institutions. See notes 3(i) and 6 in the Company's July 31, 2020 audited financial statements for details on the Company's financial instruments.

At this time, the Company is not anticipating an ongoing profit from operations in the immediate term, therefore it will be dependent on its ability to obtain equity or debt financing for growth. The Company may need additional capital, and may raise additional funds should the board of directors of the Company (the "Board of Directors") deem it advisable.

During the current period ended January 31, 2020, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow.

Critical Accounting Estimates

Application of the Company's accounting policies in compliance with International Financial Reporting Standards ("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, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

Recent Accounting Pronouncements

Accounting Pronouncements Adopted During the Period

There were no accounting pronouncements adopted during the current period.

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

Recognition and Classification

Financial Assets

All financial assets are initially recognized at fair value, adjusted by, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial assets are subsequently classified and measured at either fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

The Company had no financial assets measured at FVTPL or measured at FVTOCI as at January 31, 2021 and 2020.

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method less impairment. Cash, accounts receivable and short term investments are classified as measured at amortized cost. Cash consists of deposits in bank.

Financial Liabilities

The Company classifies its financial liabilities into one of the following two categories; measured at amortized cost and measured at fair value through profit and loss ("FVTPL"). The Company has not designated any financial liabilities as being measured at FVTPL.

Financial liabilities measured at amortized cost are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Accounts payable and accrued liabilities, due to related party, lease liabilities and long-term debt are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled, or they expire.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair Value and Market Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted market prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1), and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3: Inputs that are not based on observable market data.

As at year end, the Company does not have any financial instruments measured at fair value.

Impairment of Financial Assets

At each reporting date, the Company assess whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a group of financial assets are impaired based upon the expected credit loss ("ECL") model.

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 loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash at banks and on hand. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company's customer base is diversified with no reliance on any one client.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, or as a result of conditions specific to the Company. As at January 31, 2021, the Company had a cash balance of \$2,491,986 to settle current liabilities of \$1,679,896. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate significant revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses, and preserving cash.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Interest Rate Risk

The Company's long-term debt consists of both a fixed and market driven variable interest rate. The Company has assessed the associated interest rate risk as minimal.

Capital Management

The Company manages its capital with the following objectives:

- (i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- (ii) 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 equity, comprising share capital, contributed surplus and deficit, which at January 31, 2021 totaled \$2,620,059 (July 31, 2020 – \$2,337). 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 six months ended January 31, 2021.

Related Party Transactions

Please see note 11 of the Company's January 31, 2021 unaudited condensed interim consolidated financial statements for details of related party transactions during the period.

Events Occurring after the Reporting Date

There are no reportable events occurring after the reporting date which have not been disclosed in this document.

Risks and Uncertainties

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 in executing the Company's business plan. 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. It is likely such additional capital will be raised through the issuance of additional equity, which will 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.

Certain directors or proposed directors of the Company are also directors, officers 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 whether or not 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.

The Company 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.

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.

Accountability and oversight of the Company rests with the Board. The Company will continue to evaluate and potentially expanded its management team to oversee the business development activities of the Company and perform all core functions.

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 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; and the introduction of new products and services by competitors.

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

option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then 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 factors 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 economy remains in a period of volatility, although there have been signs of positive economic growth in North American and European markets. Continued volatility is expected in the near term.

Impact of COVID-19

The outbreak of the novel strain of Corona Virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, ability to finance, carrying value of assets and condition of the Corporation and its operating subsidiaries in future periods. To date, the Company has not experienced a material impact related to the Covid-19 outbreak on financing, operations or logistics.

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 Canadian generally accepted accounting principles. 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. 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 lists of 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.

Additional Information

Additional information relating to the Company is available in the prospectus on www.danavation.com