This Management Discussion and Analysis ("MD&A") of VERSES Technologies Inc. (formerly Chromos Capital Corp.) ("Company" or "VERSES") is for the three months ended December 31, 2022, and is prepared by management using information available as of February 14, 2023. The Company's fiscal year end is March 31. The three months ended December 31, 2022, is referred to as "Q3 2023", and the three months ended on December, 2021 is referred to as "Q3 2022". This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three and nine months ended December 31, 2022 and the Company's audited consolidated financial statements for the year ended March 31, 2022, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

This MD&A complements and supplements, but does not form part of, the Company's condensed consolidated interim financial statements. This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 Continuous Disclosure Obligations.

All dollar amounts referred to in this MD&A are expressed in United States dollars unless otherwise indicated.

DISCLAIMER FOR FORWARD LOOKING STATEMENTS

This following Management's Discussion and Analysis contains "forward-looking statements" (also referred to as "forward-looking information") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this Management's Discussion and Analysis that address activities, events or developments that the Company expects or anticipate will or may occur in the future, including statements about the anticipated impact of the operations of the Company, as well as the benefits expected to result from capital expenditures, potential management contracts for ongoing services, and other such matters are forward-looking statements. When used in this Management's Discussion and Analysis, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Management's Discussion and Analysis. Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include but are not limited to risks related to: general business operations; sales assumptions; limited operating history; development of the Company's brand; competition; need for continued improvement; intellectual property issues; interactive digital media; potential liability claims; litigation; insurance; economic downturns; currency; key personnel; conflicts of interest; changes in general applicable laws; compliance with advertising laws and regulations; foreign operations; operations in Brazil; no guaranteed return on investment; dilution; fluctuation of share price; access to capital; internal controls; accounting policies; and other factors beyond the control of the Company. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the risks as more particularly described under "Risk Factors." Although the Company attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

BUSINESS OVERVIEW

The Company was incorporated under the BCBCA on November 19, 2020, under the name Chromos Capital Corp. On June 17, 2021, the Company changed its name to Verses Technologies Inc.

The Company's head office is located at 205 - 810 Quayside Drive, New Westminster, BC V3M 6B9 Canada and its registered and records office is located at 595 Howe Street, 10th Floor, Vancouver, BC V6C 2T5 Canada. The Company also has offices located at 5877 Obama Blvd, Los Angeles, California, 90016 USA and 8643 Hayden Place, Culver City, California 90232 USA.

VERSES is a technology company that is developing the KOSM Operating System which accelerates next generation application development and deployment for the Internet of Things (IoT) by helping manage location-based network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web (as defined below).

VERSES also develops first party Spatial Web applications built on KOSM, and anticipates opening the KOSM Exchange - a marketplace for connectors, devices, datasets, and AI models for third party services and developers.

VERSES' business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, governance-based network of humans, machines and AI. VERSES' core platform, the KOSM Operating System, is a network operating system that streamlines development and deployment of autonomous applications on the Spatial Web.

The Spatial Web, a network that integrates Web 3.0, Industry 4.0, Metaverse and IoT, and in particular, its applications, are expected to create economic value and growth as witnessed with predecessor technology paradigm shifts such as Industry 1.0 (mechanical), Industry 2.0 (steam/electric) and Industry 3.0 (computers/automation).

KOSM is a network operating system for managing the interactions and transactions between humans, machines, and AI on the Spatial Web. Each "Participant" – being people, assets, devices, organizations, applications on the network – publishes its identity and location and, subject to access control permissions, Participant profile information such as attributes, authorizations, and capabilities can be correlated and contextualized with other Participant information as interrelationships and interdependencies in a graph data structure. Participants may search, browse, filter, and sort this enriched Context Complete data model in order to access relevant information, instructions, content, and experiences. Every Participant, by virtue of their activity on the network, generates more context resulting in a dynamic, shared contextual data model with the type of powerful network effects that generate the kind of mutual value exhibited by Web 2.0 crowdsourced systems such as Wikipedia, but translated into digitally enhanced, real-world operational environments.

KOSM enables the development and deployment of a new class of hyper-integrated context-aware autonomous applications that support cross-platform networking between disparate hardware (i.e. drones, sensors, smart devices, robots) and software systems (i.e. enterprise services, cloud platforms, mobile applications, artificial intelligence). It is composed of five "Flow Modules" that work in concert to process and synthesize data coming from various IoT sensors and digital information systems into a coherent human-readable and machine-executable structure for purposes of delivering greater intelligence and automation of Human, IoT, AI, and Robotic field activities.

VERSES' flagship KOSM application, WayFinder, provides for the optimization and automation of task-based operations in logistics heavy environments such as warehouses and retail locations by improving the use of space and the flow of assets in it via highly contextualized predictive intelligence and AI-assisted modeling and routing. Wayfinder leverages a spatial model of the warehouse to direct pickers to the exact location in the 3D space. This spatial model can be used to coordinate human activity alongside autonomous robots and drones for optimizing various tasks. WayFinder directs users through a multi-modal guided workflow with both visual and audio instructions via a handheld mobile app or augmented reality glasses. For example, it helps warehouse workers quickly navigate through fulfillment zones to pick products using visual (map) and voice queues. WayFinder assists warehouse workers with several tasks including picking, putaway, inventory inquiries, and replenishment. WayFinder improves labor management by decreasing training time and eases the cognitive load for workers. WayFinder has been ported to Magic Leap and Microsoft HoloLens Augmented Reality headsets for hands-free operation and is being tested in Proof of Concepts with major service providers and retailers.

On June 21, 2021, the Company entered into a Contribution Agreement (the "Contribution Agreement) with Verses Technologies USA, Inc. (formerly Verses Labs Inc.) ("VTU"). Pursuant to the Contribution Agreement, the VTU's shareholders exchanged all of the outstanding common shares for common shares of the Company (the "Transaction"). Upon closing of the Transaction on July 20, 2021, VTU became a wholly owned subsidiary of VTI for legal purposes. The shareholders of VTU had control of the Company and as a result, the Transaction is considered a reverse take-over of VTI by VTU ("RTO").

Highlights - Q3 2023

On October 04, 2022 the Company announced that the Company's Class A subordinate voting shares have commenced trading on the OTCQX® Best Market, an over-the-counter public market in the United States, under the ticker symbol "VRSSF". VERSES will continue to trade on the NEO Exchange in Canada, as its primary listing under the symbol "VERS."

On November 3, 2022, the Company granted 1,750,000 stock options to strategic consultants of the Company with an exercise price of CAD$0.70, expiring in 1 year. 1,000,000 stock options vested on the grant date and the remaining 750,000 stock options will vest after 60 days.

On December 13, 2022, the Company granted 400,000 stock options to a strategic consultant of the Company with an exercise price of CAD$0.77, expiring in 1 year, vested on the grant date.

On December 16, 2022, the Company announced warrants amendment as follows:

6,591,631 share purchase warrants issued in February 2022 (the "February Warrants"), in connection with a private placement. Each warrant entitling the holder to purchase one Class A share at a price of CAD$1.20 per share up to and including February 22, 2024, and 3,909,906 share purchase warrants (the "March Warrants", and together with the February Warrants, the "Old Warrants") in connection with a private placement issued in March 2022. Each warrant entitling the holder to purchase one Class A share at a price of CAD$1.20 per share up to and including March 3, 2024.

(a) to reduce the exercise price of the Old Warrants to CAD$1.00.

(b) to extend the expiration date of the Old Warrants to August 15, 2025.

(c) to add the following acceleration clause: "if at any time prior to the expiry date, the volume-weighted average trading price of the Class A shares on the Neo Exchange Inc. (or such other principal exchange or market where the Class A shares are then listed or quoted for trading) exceeds CAD$2.00, as adjusted in accordance with this certificate, for a period of 10 consecutive trading days, the Company may, at its option, accelerate the expiry date to the date that is 30 days following the written notice to the holders of the warrants, in the form of a press release or other form of notice as permitted by this certificate".

7,599,177 share purchase warrants issued in August 2022 ("August Warrants") in connection with a private placement. Each warrant entitling the holder to purchase one Class A share at a price of CAD$1.20 per share up to and including August 15, 2025.

(a) to reduce the exercise price of the August Warrants to CAD$1.00.

(b) to replace the existing acceleration clause in its entirety with the following acceleration clause: "if at any time prior to the expiry date, the volume-weighted average trading price of the Class A shares on the Neo Exchange Inc. (or such other principal exchange or market where the Class A shares are then listed or quoted for trading) exceeds CAD$2.00, as adjusted in accordance with this certificate, for a period of 10 consecutive trading days, the Company may, at its option, accelerate the expiry date to the date that is 30 days following the written notice to the holders of the warrants, in the form of a press release or other form of notice as permitted by this certificate".

Also, subject to receipt of written consent from each warrantholder, the Company announced its intention to list the warrants on the NEO Exchange Inc.

On January 23, 2023 the Company announced it has received acceptance from the NEO Exchange Inc. to list up to 18,100,714 Class A share purchase warrants of the Company.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table presents selected financial information for each of the last eight quarters.

	December 31, 2022	*September 30, 2022*	*June 30, 2022*	*March 31, 2022*
	$	*$*	*$*	*$*
Revenue	560,546	278,547	373,519	48,075
Net Comprehensive profit (loss)	(4,571,356)	(4,860,559)	(5,188,088)	(2,783,836)
Total assets	8,010,329	12,157,910	6,126,884	9,028,388
Working capital (deficit)	4,544,825	8,680,727	2,653,482	6,328,583

	December 31, 2021	*September 30, 2021*	*June 30, 2021*	*March 31, 2021*
	$	*$*	*$*	*$*
Revenue	278,546	2,087,803	60,000	40,000
Net Comprehensive profit (loss)	(1,820,467)	(4,308,141)	(487,046)	(1,093,221)
Total assets	11,246,275	3,097,133	621,631	909,247
Working capital (deficit)	9,375,459	(1,337,846)	(5,846,896)	(5,588,564)

During the quarter ending March 31, 2022, the Company recorded revenues of $48,075 and net comprehensive loss of $2,783,836 compared to revenues of $40,000 and net comprehensive loss of $1,093,221 during the quarter ending March 31, 2021. The Company's total assets at March 31, 2022 were $9,028,388, an increase of $8,119,141 from $909,247 at March 31, 2021. The Company's working capital at March 31, 2022 was $6,514,837, an increase of $12,103,401 from the working deficiency of $5,588,564 at March 31, 2021.

During the quarter ending June 30, 2022, the Company recorded revenues of $373,519 and net comprehensive loss of $5,188,088 compared to revenues of $60,000 and net comprehensive loss of $487,046 during the quarter ending June 30, 2021. The Company's total assets at June 30, 2022 were $6,126,884, an increase of $5,505,253 from $621,631 at June 30, 2021. The Company's working capital at June 30, 2022 was $2,653,482, an increase of $8,500,378 from a deficiency of $5,846,896 at June 30, 2021.

During the quarter ending September 30, 2022, the Company recorded revenues of $278,547 and net comprehensive loss of $4,860,559 compared to revenues of $2,087,803 and net comprehensive loss of $4,308,141 during the quarter ending September 30, 2021. The Company's total assets at September 30, 2022 were $12,157,910, an increase of $9,060,777 from $3,097,133 at September 30, 2021. The Company's working capital at September 30, 2022 was $8,680,727, an increase of $10,018,573 from a deficiency of $1,337,846 at September 30, 2021.

During the quarter ending December 31, 2022, the Company recorded revenues of $560,546 and net comprehensive loss of $4,571,356 compared to revenues of $278,546 and net comprehensive loss of $1,820,467 during the quarter ending December 31, 2021. The Company's total assets at December 31, 2022 were $8,310,329, a decrease of $3,235,946 from $11,246,275 at December 31, 2021. The Company's working capital at December 31, 2022 was $4,544,825, a decrease of $4,830,634 from $9,375,459 at December 31, 2021.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets forth selected financial information for Q3 2023 and Q3 2022, which has been derived from the condensed consolidated interim financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the condensed consolidated interim financial statements, and it may not be indicative of the Company's future performance.

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2022

	Q3 2023	*Q3 2022*
Total revenue	$ 560,546	$ 278,546
Net loss	(4,649,121)	(1,628,961)
Loss Per Class A Subordinate Voting Shares - Basic and Diluted	(0.04)	(0.02)
Loss Per Class B Proportionate Voting Shares - Basic and Diluted	(0.25)	(0.11)
Total assets	8,010,329	11,246,275
Total liabilities	$ 2,481,833	$ 2,084,361

The following table provides an overview of the financial results in Q3 2023 as compared to Q3 2022:

	Q3 2023	*Q3 2022*
Revenue	$ 560,546	$ 278,546
Cost of revenue	(475,335)	(235,232)
	85,211	43,314
Expenses:		
Accounting fees	140,684	118,915
Consulting fees	104,196	230,348
Depreciation	60,832	-
Investor relations	588,211	25,937
Legal fees	258,927	19,063
Management fees	-	626,687
Marketing	179,725	388,985
Office and general	310,989	72,959
Personnel expenses	732,745	158,334
Rent	6,984	17,544
Research and development	1,498,736	-
Share based payments	720,350	-
Travel and meals	219,908	126,646
	4,822,287	1,785,418
Other items:		
Interest expense	(7,068)	(25,439)
Other income	965	3,288
Grant income	94,058	135,294
Loss before income taxes	$ (4,649,121)	$ (1,628,961)

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $4,649,121 in Q3 2023, which is $3,020,160 higher than the loss of $1,628,961 in Q3 2022, mainly attributed to increases in research and development expenses ($1,498,736), share based compensation expenses ($720,350), personnel expenses ($574,411), and investor relation expenses ($562,274).

Revenues

During Q3 2023, the Company's revenue was $560,546, an increase of $282,000 compared to $278,546 during Q3 2022. This increase is mainly attributable to the completion of proof of concept projects during Q3 2023 ($282,000).

For the quarter ended	*Q3 2023*	*Q3 2022*	*Change*
Recognized at a point in time	$ 282,000	$ -	$ 282,000
Recognized over the duration of contracts	278,546	278,546	-
Total Revenue	$ 560,546	$ 278,546	$ 282,000

Cost of revenue

The Company incurred $475,335 in cost of revenue during Q3 2023, an increase of $240,103 when compared to Q3 2022, mainly attributed to deferred cost of revenue from proof of concept projects being recognized.

Expenses

Expenses increased $3,036,869 from $1,785,418 in Q3 2022 to $4,822,287 in Q3 2023. The changes in expenses were attributable to the following items:

For the period ended	*Q3 2023*	*Q3 2022*	*Change*
Accounting fees	$ 140,684	$ 118,915	$ 21,769
Consulting fees	104,196	230,348	(126,152)
Depreciation	60,832	-	60,832
Investor relations	588,211	25,937	562,274
Legal fees	258,927	19,063	239,864
Management fees	-	626,687	(626,687)
Marketing	179,725	388,985	(209,260)
Office and general	310,989	72,959	238,030
Personnel expenses	732,745	158,334	574,411
Rent	6,984	17,544	(10,560)
Research and development	1,498,736	-	1,498,736
Share based payments	720,350	-	720,350
Travel and meals	219,908	126,646	93,262
Total operating expenses	$ 4,822,287	$ 1,785,418	$ 3,036,869

- Accounting fees increased by $21,769 as a result of additional audit-related work and tax compliance services ($42,225), partially offset by lower costs from outsourced finance and accounting services ($20,456).

- Consulting fees decreased by $126,152, attributable to a decrease of $132,024 for grant-related personnel, and an increase of $5,872 related to advisory services.

- The investor relations increase of $562,274 is mostly attributed to investor communications initiatives that directly related to the Company's public offerings and ongoing investor relations.

- Legal fees increased by $239,864 when compared to the previous year mainly due to initiatives related to the Company meeting its reporting and filing obligations as a new public company.

- Management fees decreased by $626,867 due to key positions converting their independent contractor agreements to payroll agreements.

- The decrease of $209,260 related to marketing is attributable to a reduction in expenses incurred related to branding campaigns ($255,200), partially offset by an increase in marketing support ($45,940).

- Office and general expenses increased by $238,030 attributable to insurance amortization ($102,507), other general subscriptions and expenses ($80,666), payroll services ($25,186), information technology support services ($19,514), and general office expenses ($10,157).

- Personnel expenses increased by $574,411 due to the Company converting some independent contractor agreements to payroll employees and hiring additional key personnel to support the Company's growth ($670,298), partially offset by a reduction in hiring fee expenses ($95,887).

- Research and development increased by $1,498,736 as the Company focused on further development of its products, as well as incubation of new concepts.

- Share based compensation increased by $720,350 due to stock options and restricted stock units granted to the Board of Directors and key strategic consultants.

- Travel and meals increased by $93,262 due to more frequent client site visits, promotion to investors, and attendance of various conferences.

Other items

During Q3 2023, Other items amounted to $87,955 which is a decrease of $25,188 from $113,143 during Q3 2022. The changes in other items were impacted by the following items:

For the period ended	*Q3 2023*	*Q3 2022*	*Change*
Interest expense	$ (7,068)	$ (25,439)	$ 18,371
Other income	965	3,288	(2,323)
Grant income	94,058	135,294	(41,236)
Total other items	$ 87,955	$ 113,143	$ (25,188)

- Interest expense decreased because the Company was able to repay its related party loans during the prior fiscal year.

- Other income of $965 related to interest income from the Company's interest-bearing account; a decrease of $2,323 compared to Q3 2022.

- Grant income was related to a government grant received from Innovation and Networks Executive Agency (INEA), which was delegated under the European Commission. The grant was awarded for the project entitled Creating the 21st century spatial ecosystem – FF2020. Grant income decreased because the Company reduced the number of consultants working on the project.

FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2022

	December 31, 2022	*December 31, 2021*
Total revenue	$ 1,212,612	$ 2,426,349
Net loss	(14,186,711)	(6,413,762)
Loss Per Class A Subordinate Voting Shares - Basic and Diluted	(0.13)	(0.08)
Loss Per Class B Proportionate Voting Shares - Basic and Diluted	(0.82)	(0.48)
Total assets	8,010,329	11,246,275
Total liabilities	$ 2,481,833	$ 2,084,361

The following table provides an overview of the financial results for the nine months ended December 31, 2022, as compared to December 31, 2021:

For the period ended	*December 31, 2022*	*December 31, 2021*
Revenue	$ 1,212,612	$ 2,426,349
Cost of revenue	(880,261)	(2,059,207)
	332,351	367,142
Expenses:		
Accounting fees	514,913	183,817
Consulting fees	394,931	310,262
Depreciation	177,042	-
Investor relations	1,168,701	26,391
Legal fees	759,049	42,128
Management fees	-	836,593
Marketing	1,257,372	448,985
Office and general	859,958	108,018
Personnel expenses	2,313,445	164,334
Rent	20,478	41,055
Research and development	4,314,912	-
Share based payments	2,275,250	-
Travel and meals	715,815	172,811
	14,771,866	2,334,394
Other items:		
Interest expense	(22,807)	(57,291)
Other income	17,955	499,403
Grant income	257,656	464,037
Listing expense	-	(5,352,659)
Loss before income taxes	$ (14,186,711)	$ (6,413,762)

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $14,186,711 during the period ending December 31, 2022, which is $7,772,949 higher than the loss of $6,413,762 during the period ending December 31, 2021, attributable to increases in research and development expenses ($4,314,912), share based compensation expenses ($2,275,250), and investor relations ($1,142,310). The impact was partially offset by the listing expenses in 2021 ($5,352,659).

Revenues

During the period ending December 31, 2022, the Company's revenue decreased by $1,213,737 from $2,426,349 to $1,212,612 during the period ending December 31, 2022. This decrease is attributable to the SaaS project setup revenue recognition of $2,000,000 in the period ending December 31, 2021.

For the period ended	*December 31, 2022*	*December 31, 2021*	*Change*
Recognized at a point in time	$ 380,000	$ 2,060,000	$ (1,680,000)
Recognized over the duration of contracts	832,612	366,349	466,263
Total Revenue	$ 1,212,612	$ 2,426,349	$ (1,213,737)

Cost of revenue

The Company incurred $880,261 in cost of revenue in the period ending December 31, 2022, a decrease of $1,178,946 when compared to the period ending December 31, 2021. The decrease is attributed to higher costs related to the rollout of the SaaS solution to one of its customers in the prior year.

Expenses

Expenses increased $12,437,472 from $2,334,394 in the period ending December 31, 2021, to $14,771,866 in the period ending December 31, 2022. The differences in expenses were attributable to the following items:

For the period ended	*December 31, 2022*	*December 31, 2021*	*Change*
Accounting fees	$ 514,913	$ 183,817	$ 331,096
Consulting fees	394,931	310,262	84,669
Depreciation	177,042	-	177,042
Investor relations	1,168,701	26,391	1,142,310
Legal fees	759,049	42,128	716,921
Management fees	-	836,593	(836,593)
Marketing	1,257,372	448,985	808,387
Office and general	859,958	108,018	751,940
Personnel expenses	2,313,445	164,334	2,149,111
Rent	20,478	41,055	(20,577)
Research and development	4,314,912	-	4,314,912
Share based payments	2,275,250	-	2,275,250
Travel and meals	715,815	172,811	543,004
Total operating expenses	$ 14,771,866	$ 2,334,394	$ 12,437,472

- Accounting fees increased by $331,096 due to audit-related work and tax compliance services ($256,292), and additional outsourced finance and accounting services ($74,804).

- Consulting fees increased by $84,669 due to an increase of $160,054 related to advisory services, partially offset by a reduction in grant-related personnel ($75,385).

- The Investor Relations increase of $1,142,310 is attributed to investor communications initiatives that directly relate to the Company's initial public offering and ongoing investor relations.

- Legal Fees increased $716,921 due to new legal offices engaged to support the various transactions and public listing of the Company.

- Management fees decreased by $836,593 due to key positions of the Company converting their independent contractor agreements into payroll agreements.

- The increase of $808,387 related to marketing is attributable to increases in adoption services ($347,700), marketing support ($362,848), branding campaigns ($78,179), and other general marketing ($19,660).

- Office and general expenses increased by $751,940 due to general subscriptions and expenses ($291,064), insurance amortization ($242,930), information technology support services ($146,428), payroll services ($48,190), and other office expenses ($23,328).

- Personnel expenses increased by $2,149,111 as a result of the Company converting from independent contractor agreements to payroll employees, in addition to hiring additional key personnel to support the Company's growth.

- Research and development increased by $4,314,912 as the Company focused on further development of its products, as well as incubation of new concepts.

- Share based compensation increased by $2,275,250 due to stock options and restricted stock units granted to the Board of Directors and key strategic consultants.

- Travel and meals increased by $543,004 due to more frequent site visits, promotion to investors, attendance at various conferences, and hosting a developer's retreat.

Other items

During the period ending December 31, 2022, other items amounted to $252,804; a decrease of $4,699,314 from a deficit of $4,446,510 during the period ending December 31, 2021. The changes in Other items were impacted by the following items:

For the period ended	*December 31, 2022*	*December 31, 2021*	*Change*
Interest expense	$ (22,807)	$ (57,291)	$ 34,484
Other income	17,955	499,403	(481,448)
Grant income	257,656	464,037	(206,381)
Listing expense	-	(5,352,659)	5,352,659
Total other items	$ 252,804	$ (4,446,510)	$ 4,699,314

- Interest expense decreased due to the Company repaying its related party loans in the prior fiscal year.
- Other income of $17,955 related to interest income from the Company's interest-bearing account; a decrease of $481,448 compared to the period ending December 31, 2021 because a gain on settlement of payables was recognized in Q2 2022 ($496,115).
- Grant income was related to a government grant received from Innovation and Networks Executive Agency (INEA), which was delegated under the European Commission. The grant was awarded for the project entitled Creating the 21st century spatial ecosystem – FF2020. Grant income decreased because the Company reduced the number of consultants assigned to the project.
- Listing expense in the period ending December 31, 2021 is related to the reverse take-over of VTI by VTU on July 20, 2021.

LIQUIDITY AND CAPITAL RESOURCES

For the period ended	*December 31, 2022*	*December 31, 2021*	*Change*
Cash used in operating activities	$ (13,501,683)	$ (3,285,812)	$ (10,215,871)
Cash used in investing activities	(140,723)	1,205,276	(1,345,999)
Cash provided (used in) financing activities	10,681,426	11,256,368	(574,942)
Foreign exchange effect on cash	(433,292)	(201,892)	(231,400)
Net change in cash and restricted during the period	$ (3,394,272)	$ 8,973,940	$ (12,368,212)

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used in operating activities increased to $13,501,683 in the nine months ended December 31, 2022 from $3,285,812 in the nine months ended in December 31, 2021. The increase of $10,215,871 is attributed to the higher loss adjusted by items not involving cash in the period ended December 31, 2022 ($9,815,178) and:

- Increase in prepaid expenses of $966,957.
- Increase in due from related parties of $536,235.

Cash used in investing activities is due to the acquisition of computer equipment $140,723. Cash from investing activities in the period ended in December 31, 2021 is mainly related to the cash acquired in the RTO completed in July 2021 $1,295,204.

The decrease in financing activities is due to net proceeds from the issuance of shares in the period ended December 31, 2022 is $1,737,775 lower than the net amount raised in the period ended December 31, 2021.

As at December 31, 2022, the Company had working capital of $4,544,825 compared to working capital of $6,328,583 as at March 31, 2022.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of debt and shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

COMMITMENTS

The Company has an obligation to pay royalties to Cyberlab, LLC, in the case of a liquidity event of one of the Company's subsidiaries. A liquidity event includes, an initial public offering, acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated; and is further defined as a sale of a controlling interest in the respective subsidiary. Payments under the Cyberlab royalty, when triggered, will equal 10% of VTU's interest in an applicable liquidity event and shall be made as soon as practical following a liquidity event.

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU") or restricted stock units ("RSU") to qualifying consultants and employees at terms to be determined at grant date based on the market price of the Company's shares.

Equity Compensation Type	*Company*	*Equity Incentive Units*
Options, RSU or DSU	Verses Technologies Inc.	12,536,056
Options, RSU or DSU	Verses Global BV	800,000
Options, RSU or DSU	Verses Logistics Inc.	1,072,500
Options, RSU or DSU	Verses, Inc.	1,859,708

The Company has also entered into severance agreements with executives of the Company. In the case of involuntary termination or a change in control, the executives are entitled to a monetary payment equal to 12 months worth of base salary, continuation for 12 months of medical and dental insurance under COBRA or similar procedural mechanisms, and immediate, accelerated vesting of all stock options, equity, and related compensation.

OUTSTANDING SHARE CAPITAL

Effective July 20, 2021, the Company amended its Articles to create an unlimited number of Class A shares and unlimited number of Class B shares. Each Class A share shall entitle the holder thereof to one vote. Each Class B share shall entitle the holder thereof to 6.25 votes and such proportionate dividends and liquidation rights. Each Class B share is convertible, at the option of the holder, into 6.25 Class A shares. Issued and outstanding share capital is as follows:

As at	*The date of this MD&A*	*December 31, 2022*
Shares issued to Class A shareholders	55,580,867	55,580,867
Shares issued to Class B shareholders	10,000,000	10,000,000

OUTSTANDING WARRANTS

As at		*The date of this MD&A*	*December 31, 2022*
Warrants	(Note 1)	1,250,000	1,250,000
Warrants	(Note 2)	21,827,488	21,827,488
		23,077,488	23,077,488

Notes:

(1) Assumed from VHI - each warrant entitles the holder thereof to acquire one Class A Share of the Company for a price of CAD$0.40 per Class A Share until April 15, 2026.

(2) - 10,000,000 warrants are exercisable at CAD$1.00 into one Class A shares.
- 1,601,000 finder's warrants issued are exercisable at CAD$0.80 into one Class A share and one-half share purchase warrant, where each full warrant is exercisable at CAD $1.20 into one Class A share.
- 501,537 finder's warrants are exercisable at CAD$1.00 into one Class A share.
- 978,794 warrants are exercisable at CAD$0.80 into one Class A share.
- 7,453,515 warrants are exercisable at CAD$1.00 into one Class A share.
- 145,662 finder's warrants are exercisable at CAD$1.00 into one Class A share.
- 1,146,980 finder's warrants are exercisable at CAD$1.00 exercisable into Units.

OUTSTANDING STOCK OPTIONS

As at		*The date of this MD&A*	*December 31, 2022*
Stock options	(Note 1)	7,200,000	7,200,000

Notes:

(1) 4,050,000 stock options are exercisable at CAD$0.80 into one Class A shares.
1,000,000 stock options are exercisable at CAD$1.00 into one Class A shares.
1,750,000 stock options are exercisable at CAD$0.70 into one Class A shares.
400,000 stock options are exercisable at CAD$0.77 into one Class A shares.

OUTSTANDING RESTRICTED SHARE UNITS ("RSUs")

As at		*The date of this MD&A*	*December 31, 2022*
RSUs	(Note 1)	500,000	500,000

Notes:
(1) RSUs are convertible into one Class A shares.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of directors, executive officers, and companies owned in whole or in part by those individuals. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees, salaries, and expenses were incurred:

	Three months ended December 31,		*Nine months ended December 31,*	
	2022	*2021*	*2022*	*2021*
Management fees	$ -	$ 209,722	$ -	$ 527,191
Management salaries and benefits included in personnel expenses	282,436	-	853,308	-
Finance fee included in interest expense	-	-	-	27,500
Share-based payments (note 8)	-	-	639,198	-
Interest expense	-	18,725	-	114,849
	$ 282,436	$ 228,447	$ 1,492,506	$ 669,540

The following management members incurred in the management fees and salaries:

	Three months ended December 31,		*Nine months ended December 31,*	
	2022	*2021*	*2022*	*2021*
Management fees, Chief Executive Officer and Founder	$ -	$ 54,558	$ -	$ 163,027
Management salaries, Chief Executive Officer and Founder	80,586	-	241,758	-
Management fees, President and Founder	-	52,000	-	154,000
Management salaries, President and Founder	69,837	-	209,511	-
Management fees, Chief Financial Officer	-	43,500	-	100,500
Management salaries, Chief Financial Officer	66,733	-	206,199	-
Management fees, Chief Marketing Officer	-	59,664	-	109,664
Management salaries, Chief Marketing Officer	65,280	-	195,840	-
Total	$ 282,436	$ 209,722	$ 853,308	$ 527,191

Amounts due to or from related parties, including amounts due to key management personnel are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at December 31, 2022 were amounts totaling $nil (March 31, 2022 – $12,867) due to key management personnel. Included in due from related parties at December 31, 2022 were amounts totalling $722,489 (March 31, 2022 - $186,254) due from companies controlled by key management personnel.

FINANCIAL INSTRUMENTS

As at December 31, 2022, the Company's financial instruments consist of cash, restricted cash, accounts receivable, due from related parties, accounts payable and accrued liabilities, loans payable, lease liability, and SAFEs.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. 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.

The fair value of cash and restricted cash is measured using Level 1 inputs and the fair value of SAFEs is measured using Level 3 inputs.

The carrying value of the Company's other financial instruments approximate their fair values due to their short-term maturities.

There were no transfers between the levels of the fair value hierarchy during the year.

As of December 31, 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets:				
Cash	$ 2,963,384	$ -	$ -	$ 2,963,384
Restricted Cash	$ 106,335	$ -	$ -	$ 106,335
Liabilities:				
SAFE	$ -	$ -	$ 1,025,000	$ 1,025,000

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash, accounts receivable, and due from related parties. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Amounts due from related parties of $722,489 are due from companies controlled by key management personnel. As of December 31, 2022, management assessed that there is no need to provide a credit risk allowance.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Contractual cash flow requirements as at December 31, 2022 were as follows:

	<1 year	*1-2 years*	*2-5 years*	*>5 years*	*Total*
	$	*$*	*$*	*$*	*$*
Accounts payable and accrued liabilities	1,112,909	-	-	-	1,112,909
Leases	124,452	18,420	-	-	142,872
SAFE	1,025,000	-	-	-	1,025,000
Loans payable	7,752	7,752	23,256	105,174	143,934
Total	2,270,113	26,172	23,256	105,174	2,424,715

As of December 31, 2022, the Company had a working capital of $4,544,825 (March 31, 2022 - $6,328,583).

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets denoted in Euros, and Canadian dollars, and is therefore exposed to exchange rate fluctuations. As of December 31, 2022, the Company had the equivalent of $201,225 (March 31, 2022 - $75,015) in net financial assets denominated in Euros and $3,361,120 (March 31, 2022 - net financial liabilities - $35,788) net financial assets denominated in Canadian dollars.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximate fair value rates, and the Company is not at a significant risk to fluctuating interest rates. As at December 31, 2022, the Company does not hold any liabilities that are subject to fluctuations in market interest rates.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information included in the condensed consolidated interim financial statements and this MD&A is the responsibility of management, and their preparation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

COVID-19 IMPACT ON OPERATIONS AND FINANCIAL POSITION

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

CONFLICT IN UKRAINE

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from the conflict in the Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in Ukraine to the business to be limited, the indirect impacts on the economy and on the industry the company operates, and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

RELIANCE ON KEY PERSONNEL

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

CONFLICTS OF INTEREST

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date of this MD&A, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company, except as otherwise disclosed in this MD&A.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions.

LIMITED OPERATING HISTORY

The Company was incorporated in November 2020 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

OTHER RISK FACTORS

The Company is subject to a number of other risks and uncertainties and is affected by several factors which could have a material adverse effect on the Company's business, financial condition, operating results, and/or future prospects. These risks should be considered when evaluating an investment in the Company and may, among other things, cause a decline in the price of the Company's securities. The risks and uncertainties which Management considered the most material to the Company's business are described in the section entitled, "RISK FACTORS" of the Company's Annual Information Form filed on SEDAR on July 04, 2022.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company publicly files is recorded, processed, summarized and reported within a timely manner and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding disclosure. An evaluation of the design of the Company's disclosure controls and procedures, as defined under National Instrument 52-109 - Certification of Disclosure in issuers' Annual and Interim Filings ("NI 52-109"), was carried out under the supervision of the CEO and CFO and with the participation of the Company's management. Based on that evaluation, the CEO and CFO have concluded that the design and implementation of these controls were effective as of December 31, 2022.

Company also maintains a system of internal controls over financial reporting designed under the supervision of the Company's CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As required by NI 52-109, the CEO and CFO have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework (2013) established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, the CEO and CFO have concluded that the design and implementation of the Company's internal controls over financial reporting, as defined by NI 52-109, were effective as at December 31, 2022.

ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements, is available on the Company's website at https://www.verses.io and on SEDAR at *www.sedar.com*.