This Management Discussion and Analysis ("MD&A") of VERSES Technologies Inc. (Formerly, Chromos Capital Corp.) ("Company" or "VERSES") is for the year ended March 31, 2022, and is prepared by management using information available as of June 30, 2022. The Company's fiscal year end is the last day in March. Our current fiscal year ended on March 31, 2022, and we refer to it as "Fiscal 2022". Last year, our fiscal year ended on March 31, 2021 and we refer to that year as "Fiscal 2021". This MD&A should be read in conjunction with the audited consolidated financial statements of the Company 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 consolidated 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 COSM 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 COSM, and anticipates opening the COSM 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 COSM 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).

COSM 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.

COSM 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 COSM 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.

Intangible properties

VERSES recognizes the importance of its intangible assets such as brand names, relationships with customers and partners, licenses, and trade secrets. In order to protect its products and processes, VERSES periodically reviews opportunities to register copyrights, trademarks, and patents in different countries. The following are patents, copyrights and trademarks relevant to the Company's business:

Patents

- Warehouse optimization patent application 63/360,286 filed Sept 21, 2021 (United States Patent and Trademark Office)

Copyrights

- Source code for COSM and all software applications, APIs, adaptors, patches and libraries
- Proprietary images and logo designs
- Sales and marketing collateral
- Technical and investor presentations

Trademarks

- U.S. Registration No. 5838650 ("VERSES") in International Class 42 (Registered: August 20, 2019. Expires: August 19, 2029)
- U.S. Registration No.. 5839158 ("THE POWER OF SMART SPACE") in International Class 42 (Registered: August, 20, 2019. Expires: August 19, 2029)
- USPTO Appl. Serial No. 90613487 ("SPATIAL WEB") in Cl 42
- USPTO Appl. Serial No. 90613529 ("Powering the Spatial Web") in Cl 42
- USPTO Appl. Serial No. 88271188 ("VERSES SPATIAL WEB PROTOCOL") in Cl 42
- USPTO Appl. Serial No. 88271290 ("SPATIAL INTELLIGENCE MANAGEMENT") in Cl 42
- USPTO Appl. Serial No. 90612603 ("COSM")
- USPTO Appl. Serial No. 90610648 ("COSM OS")
- European Appl. Serial No. 018392857 ("VERSES")
- European Appl. Serial No. 018392875 ("COSM")
- European Appl. Serial No. 018392876 ("WAYFINDER")
- European Appl. Serial No. 018392878 ("POWERING THE SPATIAL WEB")
- European Appl. Serial No. 018392879 ("SPATIAL WEB")

Regulatory Environment

VERSES operates in a variety of industries, some heavily regulated (e.g. health-care, finance). As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy

VERSES plans to operate in a variety of industries; some being heavily regulated such as health care and finance. As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy. Because the Company's software and services can involve, among other things, the collection, transmission and management of potentially sensitive, personally identifiable data, VERSES makes best efforts to comply with data privacy and security laws applicable to each location and/or sector that VERSES participates in. Examples of these laws include, but are not limited to: (i) the European General Data Protection Regulation (GDPR); (ii) the California Consumer Privacy Act (CCPA) and its equivalents in other U.S. states; (iii) the Health Insurance Portability and Accountability Act (HIPAA); (iv) the Children's Online Privacy Protection Act (COPPA); and (v) other rulesets. VERSES is sensitive to the importance of these regulations, and routinely employs "privacy by design" and "principles of least privilege" when crafting new applications and services. In fact, COSM was expressly designed to enable policymakers to express such laws digitally (as code, similar to "smart contracts") in order to ensure accountability and compliance, as today these (analog) laws are often difficult to enforce.

Intellectual Property. VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. To ensure the Company's ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and trademark reviews. Additionally, the Company periodically audits and ensures compliance with the terms and conditions of all critical proprietary and open-source software licenses used in the Company's offerings. Further, VERSES seeks to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Privacy and Cybersecurity

VERSES' business can involve the collection, transmission, and management of potentially sensitive, personally identifiable data of third parties. As a result, VERSES has established a variety of physical, administrative and technical measures to help protect users' privacy and ensure cybersecurity. These include, without limitation: access control, multi-factor authentication, encryption, network firewalls, intrusion detection, performance monitoring, disaster recovery, security incident handling, password management tools, mobile device management and more.

Highlights

VERSES entered into Proof of Concept agreements with Volvo, Honeywell, AstraZeneca, and Mars to provide and test tailored logistics solutions for manufacturing, warehousing and fulfillment operations based on the COSM operating system. VERSES has a teaming relationship with Deloitte, one of the world's largest system integrators, to bring solutions to Deloitte clients and for Deloitte to lead implementations of Wayfinder and COSM to such clients. VERSES developed an active pipeline of potential clients and customers including, without limitation, Fortune 500 companies.

On August 25, 2021, VERSES entered into a Software-as-a-Service agreement (the "NRI SaaS Agreement") with NRI whereby VERSES and NRI formalized their business relationship with respect to the implementation of WayFinder and COSM into NRI's warehousing operations. Pursuant to the NRI SaaS Agreement, VERSES granted to NRI the right and license to access WayFinder and COSM in conjunction with the creation and management of "3-D digital twins" (digital mapping) at NRI's fulfilment centres.

In October and November, the Company issued 20,000,000 special warrants ("Special Warrants") at a price of CAD$0.80 per Special Warrant, pursuant to the private placement for proceeds of $12,934,404 (CAD$16,000,000). Each Special warrant will, upon the exercise or deemed exercise thereof, entitle the holder to receive one unit (each, a "Unit") of the Company, each Unit being comprised of one Class A Subordinate Voting share (a "Unit Share"), and one-half of one transferrable Class A Subordinate Voting share purchase warrant (each whole warrant, a "Unit Warrant"), each Unit Warrant entitling the holder to acquire one Class A Subordinate Voting share (the "Class A share") of the Issuer (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share expiring 24 months from the date of issuance.

During Fiscal 2022, the Company repaid loans totalling $2,426,288.

In February and March 2022, the Company converted 21,003,007 special warrants into 21,003,007 Class A shares of the Company. Each Unit Warrant Share consisted of 1 Class A shares and ½ share purchase warrant, with each full share purchase warrant exercisable at CAD$1.20 for 1 Class A share for 2 years.

On June 9, 2022, the Company adopted its Omnibus Equity Incentive Plan ("the Plan"), which is applicable to directors, officers, employees and consultants. Under the Plan, the aggregate number of shares reserved for issuance pursuant to awards granted under this Plan shall not exceed 25% of the Company's total issued and outstanding shares from time to time. Options expiry date cannot be later than 10 years from the grant date, RSU and PSU settlement date shall be no later than the final business day of the third calendar year following the applicable service year. This Plan is considered an "evergreen" plan, since the shares covered by awards which have been settled, exercised or terminated shall be available for subsequent grants under the Plan, and the number of awards available to grant increases as the number of issued and outstanding shares increases. A subsidiary of the Company may also adopt an incentive stock option plan to provide for the issuance of equity-based incentive awards (a "Subsidiary Plan"); provided however, that any Subsidiary Plan will be subject to the terms and conditions of the Plan.

On June 13, 2022, the Company granted:

i. 818,794 warrants to a strategic consultant for services related to branding and communications services of the Company with an exercise price of CAD $0.80, expiring in 2 years.

ii. 160,000 warrants to strategic consultants for services related to corporate advisory services of the Company with an exercise price of CAD $0.80, expiring in 2 years.

On June 16, 2022, the Company granted:

i. 2,500,000 stock options to new Board of Directors with an exercise price of CAD $0.80, expiring in 5 years and vesting 25% on the date of listing of the Class A Shares on the NEO Stock Exchange ("Listing") and 25% each 6 months thereafter.

ii. 500,000 restricted share units to a new Board of Directors vesting 1/3 on the first anniversary of Listing and 1/3 each subsequent anniversary thereafter.

iii. 550,000 stock options to strategic consultants of the Company with an exercise price of CAD $0.80, expiring in 5 years, and vested immediately upon grant.

iv. 1,000,000 stock options to the Company's financial advisor with an exercise price of CAD $0.80, expiring in 5 years, and vested immediately upon grant.

Pursuant to National Policy 46-201, out of the securities issued subsequent to year end, 1,875,000 stock options and 375,000 restricted share units are held in escrow and will be released on December 28, 2022 (⅓), June 28, 2023 (⅓), and December 28, 2023 (⅓).

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal 2022	*March 31, 2022* $	*December 31, 2021* $	*September 30, 2021* $	*June 30, 2021* $
Net sales revenue	19,331	666,707	1,728,386	359,417
Net Comprehensive profit (loss)	(1,155,582)	(3,654,759)	(4,102,103)	(203,003)
Total assets	9,028,388	11,246,275	2,484,933	921,048
Working capital (deficit)	6,514,837	9,375,459	(2,099,578)	(5,547,479)

Fiscal 2021	*March 31, 2021* $	*December 31, 2020* $	*September 30, 2020* $	*June 30, 2020* $
Net sales revenue	40,000	57,200	-	-
Net Comprehensive profit (loss)	(1,093,221)	(543,342)	(526,878)	(364,713)
Total assets	909,247	1,795,019	254,238	589,419
Working capital (deficit)	(5,588,564)	(6,838,017)	(4,493,979)	(3,583,089)

During the quarter ending June 30, 2021, the Company recorded revenues of $359,417 and net comprehensive loss of $203,003 compared to no revenues and net comprehensive loss of $364,713 during the quarter ending June 30, 2020. The Company's total assets at June 30, 2021 were $921,048, an increase of $331,629 from $589,419 at June 30, 2020. The Company's working deficiency at June 30, 2021 was $5,547,479, an increase of $1,964,390 from $3,583,089 at June 30, 2020.

During the quarter ending September 30, 2021, the Company recorded revenues of $1,728,386 and net comprehensive loss of $4,102,103 compared to no revenues and net comprehensive loss of $526,878 during the quarter ending September 30, 2020. The Company's total assets at September 30, 2021 were $2,484,933, an increase of $2,230,695 from $254,238 at September 30, 2020. The Company's working deficiency at September 30, 2021 was $2,099,578, a decrease of $2,394,401 from $4,493,979 at September 30, 2020.

During the quarter ending December 31, 2021, the Company recorded revenues of $666,707 and net comprehensive loss of $3,654,759 compared to revenues of $57,200 and net comprehensive loss of $543,342 during the quarter ending December 31, 2020. The Company's total assets at December 31, 2021 were $11,246,275, an increase of $9,451,256 from $1,795,019 at December 31, 2020. The Company's working capital at December 31, 2021 was $9,375,459, an increase of $16,213,476 from the working deficiency of $6,838,017 at December 31, 2020.

During the quarter ending March 31, 2022, the Company recorded revenues of $19,331 and net comprehensive loss of $1,155,582 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.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table sets forth selected financial information for Fiscal 2022 and Fiscal 2021, which has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the audited financial statements, and it may not be indicative of the Company's future performance.

	Fiscal 2022	*Fiscal 2021*
	$	*$*
Total revenue	2,773,841	97,200
Net loss	(8,881,261)	(2,528,154)
Loss per Class A share, basic and diluted	(0.58)	N/A
Loss per Class B share, basic and diluted	(0.89)	(0.25)
Total assets	9,028,388	909,247
Total liabilities	2,312,449	7,045,690

The following table provides an overview of the financial results in Fiscal 2022 as compared to Fiscal 2021:

	Fiscal 2022	*Fiscal 2021*
Revenue	$ 2,773,841	$ 97,200
Cost of revenue	(2,384,047)	(663,466)
	389,794	(566,266)
Expenses:		
Accounting fees	338,724	102,311
Consulting fees	499,617	178,751
Depreciation	29,390	-
Investor relations	41,530	-
Legal Fees	357,912	124,549
Management fees	1,172,593	868,261
Marketing	628,079	-
Office and general	295,760	42,479
Personnel expenses	1,042,749	-
Rent	81,010	252,774
Share based payments	-	297,000
Travel and meals	325,656	6,934
	(4,813,020)	(1,873,059)
Other items:		
Interest expenses	(160,806)	(297,302)
Other income	512,155	-
Grant income	544,875	208,473
Listing expense	(5,352,659)	-
Loss before income taxes	$ (8,879,661)	$ (2,528,154)

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $8,881,261 in the year ended March 31, 2022, which is 251% higher than the loss of $2,528,154 in the year ended March 31, 2021 mainly due to the loss on the reverse take-over of VT of $5,352,659.

The impact of the changes mentioned above was partially offset by higher gross margin reported in the period of $389,794.

Revenues

During Fiscal 2022, the Company's revenue increased by $2,676,641 to $2,773,841, from $97,200 during Fiscal 2021. This increase is mainly attributable to an increase in software as a service arrangements.

For the year ended	*Fiscal 2022*	*Fiscal 2021*	*Change*
Recognized at a point in time	$ 2,135,000	$ 60,000	$ 2,075,000
Recognized over the duration of contracts	638,841	37,200	601,641
Total Revenue	$ 2,773,841	$ 97,200	$ 2,676,641

Cost of revenue

The Company incurred $2,384,047 in cost of services during Fiscal 2022, an increase of $1,720,581 when compared to Fiscal 2021, due to the Company hiring technical personnel to develop and implement the SaaS solution for its customers.

Operating expenses

Operating expenses increased $2,939,961 from $1,873,059 in Fiscal 2021 to $4,813,020 in Fiscal 2022. The changes in operating expenses were primarily attributable to the following items:

For the year ended	*Fiscal 2022*	*Fiscal 2021*	*Change*
Accounting fees	$ 338,724	$ 102,311	$ 236,413
Consulting fees	499,617	178,751	320,866
Depreciation	29,390	-	29,390
Investor relations	41,530	-	41,530
Legal Fees	357,912	124,549	233,363
Management fees	1,172,593	868,261	304,332
Marketing	628,079	-	628,079
Office and general	295,760	42,479	253,281
Personnel expenses	1,042,749	-	1,042,749
Rent	81,010	252,774	(171,764)
Share based payments	-	297,000	(297,000)
Travel and meals	325,656	6,934	318,722
Total operating expenses	$ 4,813,020	$ 1,873,059	$ 2,939,961

- Accounting fees increased by $236,413 as a result of additional outsourced finance and accounting services ($113,280) and for audit-related work in preparation for public listing ($128,065).

- Consulting fees increased by $320,866 which is mainly attributable to personnel assigned to the government grant received from INEA (Innovation and Networks Executive Agency) which is delegated under the European Commission ($467,761).

- Legal Fees increased $233,363 when compared to the previous year because new legal offices were engaged to support the various transactions and public listing of the Company.

- Management fees increased by $304,332 due to hiring of new key personnel for the Company. The key positions added to the management team are the Chief Commercial Officer, Chief Operations Officer, Chief Adoption Officer, and the General Counsel.

- The increase of $628,079 related to marketing is mainly attributable to branding campaign costs ($360,200), publishing consulting ($75,000), marketing support ($46,800), website redesign professional services ($65,459), and other initiatives.

- Personnel expenses increased by $1,042,749 as a result of the Company converting some of the independent contractor agreements to payroll employees and hiring additional key personnel to support the company growth ($583,738) and specialized executive search consulting ($459,011).

- Rent expenses decreased by $171,764 as a result of the Company reducing its use of the Phase Two office located in Culver City, California.

- Share based compensation decreased by $297,000 due to there no share-based payments being made during the period.

- Travel and meals increased by $318,722 due to an increase in travel related expenses.

Other income and expenses

During Fiscal 2022, other income and expenses were a loss of $4,456,435, an increase of $4,367,606 from $88,829 during Fiscal 2021. The changes in other income and expenses were impacted by the following items:

For the year ended	Fiscal 2022	Fiscal 2021	Change
Listing expense	$ (5,352,659)	$ -	$ (5,352,659)
Other income	512,155	-	512,155
Grant income	544,875	208,473	336,402
Interest expenses	(160,806)	(297,302)	136,496
Total other items	$ (4,456,435)	$ (88,829)	$ (4,367,606)

- Listing expense - on June 21, 2021, the Company entered into a Contribution Agreement with Verses Technologies USA Inc. (formerly Verses Labs Inc.) ("VTU") to exchange VTU shareholders' interests for shares of the Company. This transaction resulted in a one-time, non-cash listing expense of $5,352,659.

- Other income resulted in a profit of $512,155, of which $377,737 is from accounts payable write-off because the renegotiation of the outstanding independent contract agreements ("ICAs"), and $118,378 is because a simple agreement for future equity was forgiven, also due to the renegotiation of the ICAs.

- Grant income is related to a government grant received from Innovation and Networks Executive Agency (INEA), which is delegated under the European Commission. The grant is awarded for the project entitled Creating the 21st century spatial ecosystem – FF2020.

- Interest expenses and financing fees were lower because the Company was able to repay its related party loans during the year ended on March 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended	Fiscal 2022	Fiscal 2021	Change
Cash used in operating activities	$ (6,357,831)	$ (658,272)	$ (5,699,559)
Cash used in investing activities	1,043,475	-	1,043,475
Cash provided by financing activities	11,141,247	1,525,209	9,616,038
Foreign exchange effect on cash	(234,186)	-	(234,186)
Net (decrease) increase in cash and cash equivalents	$ 5,592,705	$ 866,937	$ 4,725,768

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 $6,357,831 in Fiscal 2022 from $658,272 in Fiscal 2021. This decrease of $5,699,559 is attributed to:

- Contract asset and unbilled revenue of $1,402,035
- Settlement of accounts payable of $377,737
- Deferred grant of $1,178,871
- Prepaid expenses of $521,724

Cash used in investing activities is explained by the cash acquired on the RTO transaction of $1,295,204 and the acquisition of computer equipment $(251,729).

The increase in financing activities is mainly explained by:

- Proceeds from the issuance of share and special warrants of $13,214,404
- Share issuance costs of $410,826
- Advances received from VTI prior to RTO totalling $500,000
- Repayment of loans by $1,824,097

As at March 31, 2022, the Company had a positive working capital of $6,514,837 compared to a working deficit of $5,588,564 as at March 31, 2021.

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") after a plan is established, 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.	13,047,950
Options, RSU or DSU	Verses Global BV	800,000
Options, RSU or DSU	Verses Logistics Inc.	1,057,500
Options, RSU or DSU	Verses, Inc.	2,380,845

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*	*March 31, 2022*
Shares issued to Class A shareholders	40,382,512	40,382,512
Shares issued to Class B shareholders	10,000,000	10,000,000

OUTSTANDING WARRANTS

As at		*The date of this MD&A*	*March 31, 2022*
Warrants	(Note 1)	1,250,000	1,250,000
Warrants	(Note 2)	13,081,331	12,102,537
		14,331,331	13,352,537

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$1.20 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$1.20 into one Class A share.
- 978,794 warrants are exercisable at CAD$0.80 into one Class A share.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of the 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:

	Fiscal 2022	*Fiscal 2021*
Management fees	$ 554,111	$ 369,756
Management salaries and benefits	276,391	-
Share-based payments	-	200,000
Finance fee	27,500	-
Interest expense	114,860	194,846
	$ 972,862	$ 764,602

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

	Fiscal 2022	*Fiscal 2021*
Management fees, Chief Executive Officer and Founder	$ 163,026	$ 142,846
Management salaries, Chief Executive Officer and Founder	75,000	-
Management fees, President and Founder	154,000	120,000
Management salaries, President and Founder	69,600	-
Management fees, Chief Financial Officer	100,500	66,910
Management salaries, Chief Financial Officer	59,850	-
Management fees, Director of Product Integration	-	196,000
Management fees, Chief Marketing Officer	109,664	40,000
Management salaries, Chief Marketing Officer	59,250	-
Managements fees, Financial advisor	31,920	-
Total	$ 822,810	$ 565,756

The following fees and expenses were incurred:

Amounts due to related parties, including amounts due to key management personnel, at the period-end 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 March 31, 2022 were amounts totaling $12,867 due to key management personnel (March 31, 2021 – $464,789).

At March 31, 2022, the Company has a loan totalling $nil (2021 - $211,661) with an Officer. The loan is unsecured and bears an annual interest rate of 10% compounded daily and requires minimum monthly payments of $20,833. On May 4, 2021, the loan agreement was amended such that any additional proceeds from the lender will have a one-time loan fee of 10% added to the principal balance of the loan. The Company received additional $275,000 in loans during the year and $27,500 financing fee was added to the principal of the loan.

At March 31, 2022, the Company has a loan of $nil (2021 - $76,500) with Green Soma Inc., a company owned by a director. The loan is unsecured and bears simple interest rate of 10% per annum.

At March 31, 2022, the Company has a loan of $nil (2021 - $1,590,515) with Cyberlab, LLC, a company owned by the President and Founder. The loan is unsecured and bears interest rate at a 10.52% effective rate.

FINANCIAL INSTRUMENTS

As at March 31, 2022, the Company's financial instruments consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, loans payable, 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 period.

As at March 31, 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets:				
Cash	$6,369,903			$6,369,903
Restricted Cash	$94,088			$94,088
Liabilities:				
SAFE			$1,000,000	$1,000,000

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 and accounts receivable. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Subsequent to March 31, 2022, trade accounts receivable balance of $143,000 was collected in full from customers. The remaining accounts receivable of $186,254 are due from a company controlled by key management personnel. The credit risk is low.

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 March 31, 2022 were as follows:

	<1 year	*1-2 years*	*2-5 years*	*>5 years*	*Total*
Accounts payable and accrued liabilities	$ 619,962	$ -	$ -	$ -	$ 619,962
Leases	131,417	110,017	-	-	241,434
SAFE	1,000,000	-	-	-	1,000,000
Loans payable	7,752	7,752	23,256	106,983	145,743
Total	$ 1,759,131	$ 117,769	$ 23,256	$ 106,983	$ 2,007,139

As at March 31, 2022, the Company had a working capital of $6,514,837.

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. At March 31, 2022, the Company had the equivalent of $75,015 in net financial liabilities denominated in Euros and $35,788 financial liabilities or 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 March 31, 2022, the Company does not hold any liabilities that are subject to interest.

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 audited consolidated financial statements and this MD&A is the responsibility of management, and their preparation in accordance with IFRS 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 audited consolidated 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.

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*.

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 it 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 March 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 March 31, 2022.