

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the Month of: **August, 2023**

Commission File Number: **001-39557**

**Siyata Mobile Inc.**

(Translation of registrant's name into English)

**1751 Richardson Street, Suite #2207,  
Montreal, Quebec H3K-1G6, Canada**  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under  
cover of Form 20-F or Form 40-F:

Form 20-F       Form 40-F

**Restatement of Financial Information for the Quarter Ended March 31, 2023**

On August 14, 2023, the management and the audit committee of the board of directors (the "Audit Committee") of the Company determined that the Company's condensed consolidated unaudited interim financial statements for the three month period ended March 31, 2023, filed with the Securities and Exchange Commission ("SEC") on Form 6-K on May 24, 2023 (the "Prior Period Financial Statements"), should no longer be relied upon due to an error in the accounting treatment for the classification of the Company's warrants (the "Warrants") due to incorrect fair valuation and subsequent adjustment resulting in a decrease in loss on fair value of \$2,705,253 and a reduction in the share capital of the Company for the same amount. In addition, investors should no longer rely upon any communications relating to these condensed consolidated unaudited interim financial statements.

As part of the Company's normal quarterly reporting process for the six months ended June 30, 2023, management and the Audit Committee of the Company concluded that a material error was made related to the accounting for the warrants and therefore were misstated in the Company's March 31, 2023 Prior Period Financial Statements. There is no impact on any of the year-end financial statements previously filed.

The information in this Form 6-K relating to the restatement of the Company's condensed consolidated unaudited interim financial statements for the three-month period ended March 31, 2023 is being furnished to the SEC on this Form 6-K and such information is not deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. Moreover, unless otherwise stated in such filing, the information in this Form 6-K relating to the restatement of the Company's condensed consolidated unaudited interim financial statements for the three month period ended March 31, 2023 shall not be deemed to be incorporated by reference into the filings of the registrant under the Securities Act of 1933.

The Company has attached its restated condensed consolidated unaudited interim financial statements for the three month period ended March 31, 2023 as Exhibit 99.1 and has attached its restated Management’s Discussion and Analysis of Results of Operations and Financial Condition for the three months ended March 31, 2023 as Exhibit 99.2 to this Form 6-K.

### **Release of Financial Information for the Quarter Ended June 30, 2023**

On August 14, 2023, the Company issued its condensed consolidated unaudited interim financial statements as at June 30, 2023 and December 31, 2022, and for the three and six months ended June 30, 2023 and 2022, a copy of which is attached hereto as Exhibit 99.3, and its Management’s Discussion and Analysis For the Three Months and Six Months Ended June 30, 2023, a copy of which is attached hereto as Exhibit 99.4.

The Company issued a press release regarding the financial statements, a copy of which is attached as Exhibit 99.5 to this Form 6-K.

1

### **Forward Looking Statements**

This Report of Foreign Private Issuer on Form 6-K contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 and other Federal securities laws. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements. Because such statements deal with future events and are based on the Company’s current expectations, they are subject to various risks and uncertainties, and actual results, performance or achievements of the Company could differ materially from those described in or implied by the statements in this Report. The forward-looking statements contained or implied in this Report are subject to other risks and uncertainties, including those discussed under the heading “Risk Factors” in the Company’s Annual Report on Form 20-F filed with the Securities and Exchange Commission (“SEC”) on May 15, 2023, and in any subsequent filings with the SEC. Except as otherwise required by law, the Company undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. References and links to websites and social media have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this Report. The Company is not responsible for the contents of third-party websites.

### **Exhibit No. Description**

99.1	<a href="#"><u>Registrant’s restated condensed consolidated unaudited interim financial statements as at March 31, 2023 and December 31, 2022, and for the three months ended March 31, 2023 and 2022.</u></a>
99.2	<a href="#"><u>Restated Management’s Discussion and Analysis of Results of Operations and Financial Condition for the Three Months Ended March 31, 2023.</u></a>
99.3	<a href="#"><u>Registrant’s condensed consolidated unaudited interim financial statements as at June 30, 2023 and December 31, 2022, and for the three and six months ended June 30, 2023 and 2022.</u></a>
99.4	<a href="#"><u>Management’s Discussion and Analysis of Financial Condition and Results of Operations For the Three Month and Six Months Ended June 30, 2023.</u></a>
99.5	<a href="#"><u>Press release dated August 14, 2023.</u></a>

2

### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 14, 2023

SIYATA MOBILE INC.

By: /s/ Marc Seelenfreund

Name: Marc Seelenfreund

Title: Chief Executive Officer

3

Exhibit 99.1

**NOTICE OF NO AUDITOR REVIEW OF RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The Management of the Company is responsible for the preparation of the accompanying restated unaudited condensed interim consolidated financial statements. The restated unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) for the preparation of consolidated interim financial statements and are in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting.

The Company’s independent auditor has not performed a review of these restated condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

These restated financial statements have been re-filed to reflect further disclosure in Note 17 of the Notes to the Restated Condensed Interim Consolidated Financial Statements in connection with a continuous disclosure review.

**Siyata Mobile Inc.**

Restated Unaudited Condensed Interim Consolidated Statements of Financial Position  
(Expressed in US dollars)

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,179,694	\$ 1,913,742
Trade and other receivables (Note 3)	1,111,123	1,574,628
Prepaid expenses	665,446	173,504
Inventory (Note 4)	3,564,040	4,092,550
Advance to suppliers	675,561	155,852
	<b>7,195,864</b>	<b>7,910,276</b>
Long term receivable	146,196	150,185
Right of use assets	811,966	887,137
Equipment	199,743	207,402
Intangible assets	7,481,391	6,987,531
<b>Total assets</b>	<b>\$ 15,835,160</b>	<b>\$ 16,142,531</b>

**LIABILITIES AND SHAREHOLDERS’ EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 2,111,174	\$ 3,078,650
Deferred revenue	-	149,600
Lease obligations	294,359	303,788
Warrant liability (Note 6)	628,765	2,734,804
	<u>3,034,298</u>	<u>6,266,842</u>
Lease obligations	543,944	635,217
<b>Total liabilities</b>	<u><b>3,578,242</b></u>	<u><b>6,902,059</b></u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	76,921,437	73,312,866
Reserves (Note 7)	17,933,273	13,647,399
Accumulated other comprehensive loss	98,870	98,870
Deficit	(82,696,662)	(77,818,663)
	<u>12,256,918</u>	<u>9,240,472</u>
<b>Total liabilities and shareholders' equity</b>	<u><b>\$ 15,835,160</b></u>	<u><b>\$ 16,142,531</b></u>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 16)

Approved on August 14, 2023 on behalf of the Board:

"*Lourdes Felix*"

Lourdes Felix - Director

"*Marc Seelenfreund*"

Marc Seelenfreund - Director

*The accompanying notes are an integral part of these restated unaudited condensed interim consolidated financial statements.*

**Siyata Mobile Inc.**

Restated Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in US dollars)

For the three months ended March 31

	<u>2023</u>	<u>2022</u>
Revenue	\$ 1,802,637	\$ 832,974
Cost of sales (Note 8)	(1,306,120)	(577,923)
<b>Gross profit</b>	<u>496,517</u>	<u>255,051</u>
<b>EXPENSES</b>		
Amortization and depreciation	401,640	124,505
Development expenses	53,985	123,316
Selling and marketing (Note 9)	1,003,365	1,045,051
General and administrative (Note 10)	1,392,430	1,659,079
Inventory impairment (Note 4)	-	64,336
Bad debts (recovered) (Note 3)	-	(7,358)
Share-based payments (Note 7)	310,828	812,735
<b>Total operating expenses</b>	<u>3,162,248</u>	<u>3,821,664</u>
<b>Net operating loss</b>	<u>(2,665,731)</u>	<u>(3,566,613)</u>
<b>OTHER EXPENSES</b>		
Finance expense	34,098	26,987

Foreign exchange	163	(87,660)
Change in fair value of convertible promissory note (Note 5)	-	2,680,457
Change in fair value of warrant liability (Note 6)	2,178,007	(3,272,735)
Transaction costs (Note 11)	-	965,247
<b>Total other expenses (income)</b>	<b>2,212,268</b>	<b>312,296</b>
<b>Net loss for the year</b>	<b>(4,877,999)</b>	<b>(3,878,909)</b>
<b>Other comprehensive income</b>		
Translation adjustment	-	(24,468)
<b>Comprehensive loss for the year</b>	<b>\$ (4,877,999)</b>	<b>\$ (3,903,377)</b>
<b>Weighted average shares</b>	<b>59,102,369</b>	12,976,363
<b>Basic and diluted loss per share</b>	<b>\$ (0.08)</b>	\$ (0.30)

The accompanying notes are an integral part of these restated unaudited condensed interim consolidated financial statements.

### Siyata Mobile Inc.

Restated Unaudited Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in US dollars)

For the three months ending March 31

	Share capital #	Share Capital \$	Reserves \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total shareholders' equity \$
<b>Balance, December 31, 2021</b>	<b>5,276,695</b>	<b>54,655,244</b>	<b>10,389,555</b>	<b>(38,739)</b>	<b>(62,519,412)</b>	<b>2,486,648</b>
Shares issued on acquisition of ClearRF	138,958	190,095	-	-	-	190,095
Shares issued on capital raise	7,215,652	10,936,974	-	-	-	10,936,974
Share issuance costs on capital raise		(1,051,647)	307,189	-	-	(744,458)
Pre-funded warrants exercised	1,480,000	2,575,200	-	-	-	2,575,200
Share based payments	-	-	812,735	-	-	812,735
Translation adjustment	-	-	-	24,468	-	24,468
Net loss	-	-	-	-	(3,878,909)	(3,878,909)
<b>Balance, March 31, 2022</b>	<b>14,111,305</b>	<b>67,305,866</b>	<b>11,509,479</b>	<b>(14,271)</b>	<b>(66,398,321)</b>	<b>12,402,753</b>
<b>Balance, December 31, 2022</b>	<b>44,868,560</b>	<b>73,312,866</b>	<b>13,647,399</b>	<b>98,870</b>	<b>(77,818,663)</b>	<b>9,240,472</b>
Issue of common shares for warrants	18,042,857	3,608,571	-	-	-	3,608,571
Warrants reclassified from warrant liability	-	-	3,975,046	-	-	3,975,046
Share based payments	-	-	310,828	-	-	310,828
Net loss	-	-	-	-	(4,877,999)	(4,877,999)
<b>Balance, March 31, 2023</b>	<b>62,911,417</b>	<b>76,921,437</b>	<b>17,933,273</b>	<b>98,870</b>	<b>(82,696,662)</b>	<b>12,256,918</b>

*The accompanying notes are an integral part of these restated unaudited condensed interim consolidated financial statements.*

4

**Siyata Mobile Inc.**

Restated Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Expressed in US dollars)

For the three months ended March 31

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Net loss for the year	\$(4,877,999)	\$(3,878,909)
Items not affecting cash:		
Amortization and depreciation	401,640	124,505
Bad debt expense (recovered)	-	(7,358)
Impairment of inventory	-	64,336
Fair value changes on derivatives	2,178,007	(592,278)
Interest expense, net of repayments	-	(4,651)
Foreign exchange	11,666	-
Share based payments	310,828	812,735
Change in non-cash working capital (Note 15)	<u>(1,136,712)</u>	<u>(3,225,654)</u>
<b>Net cash used in operating activities</b>	<b><u>(3,112,570)</u></b>	<b><u>(6,707,274)</u></b>
<b>Investing activities</b>		
Intangible asset additions	(817,849)	(739,579)
Equipment additions	(2,498)	-
Acquisition of ClearRF	-	(155,014)
<b>Net cash used in investing activities</b>	<b><u>(820,347)</u></b>	<b><u>(894,593)</u></b>
<b>Financing activities</b>		
Lease payments	(100,702)	(78,731)
Bank loan	-	(27,159)
Convertible debt issued, net of repayments	-	(4,000,000)
Proceeds on share issuance, net of share issuance costs	-	16,711,184
Transaction costs	(309,000)	-
Exercise of warrants	3,608,571	2,575,200
<b>Net cash from financing activities</b>	<b><u>3,198,869</u></b>	<b><u>15,180,494</u></b>
Effect of foreign exchange on cash	-	22,680
Change in cash for the year	<b>(734,048)</b>	7,601,307
Cash, beginning of year	<b>1,913,742</b>	1,619,742
<b>Cash, end of year</b>	<b><u>\$ 1,179,694</u></b>	<b><u>\$ 9,221,049</u></b>

*The accompanying notes are an integral part of these restated unaudited condensed interim consolidated financial statements.*

5

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Siyata Mobile Inc. (“Siyata” or the “Company”) was incorporated under the Business Corporations Act, British Columbia on October 15, 1986. The Company’s shares are listed on NASDAQ under the symbol SYTA and warrants issued on September 29, 2020, are traded under the symbol SYTAW. The Company’s principal activity is the sale of vehicle-mounted, cellular-based communications platforms over advanced mobile networks and cellular booster systems. The registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

These restated unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) IAS 34 *Interim Financial Reporting*, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These restated unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company incurred a net loss of \$4,877,999 during the three month period ended March 31, 2023 (March 31, 2022- three month period net loss of \$3,879,909), and, as of that date, the Company’s total deficit was \$82,696,662 (December 31, 2022 - \$77,818,663). The Company’s continuation as a going concern is dependent upon the success of the Company’s sale of inventory, the existing cash flows, and the ability of the Company to obtain additional debt or equity financing, all of which are uncertain. These material uncertainties raise substantial doubt on the Company’s ability to continue as a going concern.

**2. BASIS OF PREPARATION****Statement of compliance**

These restated unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting*. Omitted from these restated financial statements are certain information and note disclosures normally included in the annual financial statements. These financial statements and notes presented should be read in conjunction with the annual financial statements for the year ended December 31, 2022.

The accounting methods and principles of computation adopted in these restated financial statements are the same as those in annual consolidated financial statements for the year ended December 31, 2022, except that the functional currency of Signifi Mobile Inc. is the \$USD (formerly \$CDN) as of January 1, 2023 and therefore all of the entities in the consolidated group of Siyata Mobile Inc. are all using the USD\$ as the functional currency.

The preparation of these restated unaudited condensed interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The significant judgements made by management when applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company’s December 31, 2022 annual consolidated financial statements.

## 2. BASIS OF PREPARATION (cont'd)

### Basis of consolidation and presentation

These restated unaudited condensed interim consolidated financial statements of the Company have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the restated condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the statement of cash flows.

These restated unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These restated condensed interim consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

The restated unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Ownership</b>
Queensgate Resources Corp.	British Columbia, Canada	100%
Queensgate Resources US Corp.	Nevada, USA	100%
Siyata Mobile (Canada) Inc.	British Columbia, Canada	100%
Siyata Mobile Israel Ltd.	Israel	100%
Signifi Mobile Inc.	Quebec, Canada	100%
ClearRF Nevada Ltd.	Nevada, USA	100%

### Recent adoptions of accounting pronouncements

The following amendments became effective on January 1, 2023, and did not have a material impact on the Company's condensed interim consolidated financial statements:

- In February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments define accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies.
- In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments provide guidance to help entities disclose their material (previously "significant") accounting policies.
- In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the recognition exemption so that companies would be required to recognize deferred tax for transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases.



(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

## 2. BASIS OF PREPARATION (cont'd)

### Future accounting pronouncements

The standards, amendments, and interpretations issued before 2023 but not yet adopted by the Company have been disclosed in Note 3 of the Company's December 31, 2022 annual consolidated financial statements. The Company is currently considering the impact of adopting these standards, amendments and interpretations on its consolidated financial statement.

## 3. TRADE AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022
Trade receivables	\$ 1,645,627	\$ 2,015,291
Allowance for doubtful accounts	(1,062,052)	(1,056,393)
Taxes receivable	527,548	615,730
<b>Total</b>	<b>\$ 1,111,123</b>	<b>\$ 1,574,628</b>

## 4. INVENTORY

	March 31, 2023	December 31, 2022
Finished products	\$ 6,874,848	\$ 7,392,002
Impairment of finished products	(3,555,683)	(3,555,683)
Accessories and spare parts	663,645	675,001
Impairment of accessories and spare parts	(418,770)	(418,770)
<b>Total</b>	<b>\$ 3,564,040</b>	<b>\$ 4,092,550</b>

## 5. CONVERTIBLE DEBENTURES

On November 3, 2021, the Company issued a US\$7,200,000 convertible promissory note (the "Promissory Note") and 2,142,857 warrants for gross proceeds of US\$6,000,000. The Company elected to measure the promissory note (hybrid contract) at fair value through profit or loss ("FVTPL") on initial recognition and, as such, the embedded conversion feature was not separated. The warrants were recorded as a liability.

During the three months ended March 31, 2022, the Company completed a secondary offering of its common shares, and as a result of the terms of the convertible promissory note, the Company was required to direct 20% of the gross proceed of the offering to the lender. A total of US\$4,000,000 was repaid to the lender on January 13, 2022. Commencing in May 2022, the Company made monthly payments of \$400,000 through issuance of common shares towards the principal balance of the promissory note, resulting the promissory note being fully repaid by December 31, 2022. The Company issued 13,112,255 common shares, with a total market value of \$4,138,002. The difference between the fair value of the shares issued, and the value of the principal repaid of \$938,002 was included in profit and loss in the change in fair value of convertible promissory note.

For the three months ended March 31, 2022 the Company recorded a fair value loss of \$2,023,751 on the Convertible debenture.

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

**6. WARRANT LIABILITY**

The balance of the warrant liability is as follows:

	November 3, 2021	January 11, 2022	October 12, 2022	January 19, 2023	Total
<b>Balance December 31, 2022</b>	<b>\$ 197,733</b>	<b>\$ 501,330</b>	<b>\$ 2,035,741</b>	<b>\$ -</b>	<b>\$ 2,734,804</b>
Change in fair value of warrants exercised	(197,733)	-	(1,717,801)	-	(1,915,534)
Warrants issued	-	-	-	2,875,580	2,875,580
Proceeds from Inducement warrants issued	-	-	-	-	-
Transfer to equity	-	-	(564,946)	(3,410,100)	(3,975,046)
Change in fair value	-	127,435	247,006	534,520	908,961
<b>Balance March 31, 2023</b>	<b>\$ -</b>	<b>\$ 628,765</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 628,765</b>

January 19, 2023 warrants

On January 19, 2023, the Company entered into warrant exercise agreements with fourteen existing accredited investors to exercise certain outstanding warrants to purchase up to an aggregate of 18,042,857 of the Company's common shares. In consideration for the immediate exercise of the outstanding warrants for cash, the Company agreed to reduce the exercise price from \$0.23 to \$0.20 per share and issue new unregistered warrants to purchase up to an aggregate of 18,042,857 common shares with an exercise price of \$0.20 per share. The gross proceeds to the Company from the exercise totaled approximately \$3,608,571, prior to deducting warrant inducement agent fees and offering expenses.

The new warrants are exercisable immediately upon issuance at an exercise price of \$0.20 per share and have a term of exercise equal to five years. In connection with the exercise, the Company will be required pursuant to the terms of 2,989,130 of its remaining unexercised common share purchase warrants, to reduce the exercise price of such warrants from \$0.23 per common share to an exercise price of \$0.20 per common share.

On March 30, 2023, the SEC accepted the registration statement of the Company to the effect that all of the 21,031,987 outstanding \$0.20 warrants become immediately a cashless exercise and their underlying shares become immediately tradeable. Subsequent to the quarter ended March 31, 2023, 21,031,987 warrants were exercised cashless in exchange for 21,031,987 common shares of the Company. All of the warrants that became cashless exercise were transferred to equity at March 30, 2023, as they no longer met the definition of a liability.

The fair value of the warrants issued at January 19, 2023 was \$2,875,580 and was determined using the stock price at the date of issue, with a 15% discount for lack of marketability. This method was used as the warrants contained an alternative cashless exercise feature.

The fair value of the warrants on March 30, 2023 was \$3,410,100 and was determined using the stock price on the date, as the warrants were cashless exercise at that date.

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

**6. WARRANT LIABILITY (cont'd)**

November 3, 2021 warrants

The warrants allowed for the purchase of 1,892,857 common shares of the Company at an exercise price of US 4.00 per common share and expired 5 years from the issue date of the related promissory note. Under the terms of the warrants, the exercise price of the warrant was adjusted to \$2.30 when an offering was closed on January 3, 2022 that issued shares at a price lower than the exercise price. On January 19, 2023 the warrant holders entered into the agreement noted above to exercise the warrants, and receive new warrants in exchange.

At December 31, 2022 the fair value of the warrants was \$197,733 and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.15, strike rate \$0.23 dividend yield 0%, term 3.84 years, volatility 110% and risk-free rate 4.08%.

At January 19, 2023 prior to exercise, the fair value of the warrants was \$NIL and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.19, strike rate \$0.20 dividend yield 0%, term 0 years, volatility 130% and risk-free rate 3.62%.

January 11, 2022 warrants

The Company assessed that the 8,519,999 warrants, and 1,480,000 pre-funded warrants issued in the January 2022 equity offering did not meet the “fixed for fixed” test and are therefore recorded as liabilities at fair value through profit and loss, and revalued at the end of each period.

At December 31, 2022 the fair value of the warrants was \$501,330 and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.15, strike rate \$2.30, dividend yield 0%, term 4.03 years, volatility 110% and risk-free rate 4.08%.

At March 31, 2023 the fair value of the warrants was \$628,765 and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.19, strike rate \$2.30, dividend yield 0%, term 3.79 years, volatility 125% and risk-free rate 3.69%.

October 12, 2022 warrants

The Company assessed that the 17,400,000 warrants and 1,590,000 pre-funded warrants issued as part of the October 2022 equity offering did not meet the “fixed for fixed” test and are therefore reported as liabilities at fair value through profit and loss, and revalued at the end of each period. On January 19, 2023 the warrant holders entered into the agreement noted above to exercise 16,150,000 of the 17,400,000 warrants, and receive new warrants in exchange. The remaining 1,250,000 warrants that were outstanding at January 19, 2023 were converted to cashless exercise warrants on March 30, 2023 as described above.

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements  
(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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**6. WARRANT LIABILITY (cont'd)**

The fair value of the warrants as at December 31, 2022 was \$1,850,758 and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.15; exercise price \$0.23; expected volatility: 100%; dividend yield 0%; risk free rate: 3.98%.

The fair value of the 1,250,000 unexercised warrants on January 19, 2023 was \$132,957 and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.19; exercise price \$0.20; term 4.73 years; expected volatility: 115%; dividend yield 0%; risk free rate: 3.49%.

The fair value of the 16,150,000 exercised warrants immediately prior to exercise on January 19, 2023 was \$NIL and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.19; exercise price \$0.20; term 0 years; expected volatility: 115%; dividend yield 0%; risk free rate: 3.49%.

The fair value of the 2,989,130 (1,739,130 waiver warrants plus 1,250,000 unexercised warrants) outstanding warrants on March 30, 2023 prior to the transfer to equity was \$564,946 and was determined using the stock price on the date, as the warrants were cashless exercise at that date.

In connection with the October 2022 equity offering, the Company issued 1,739,130 waiver warrants exercisable at \$0.23 per share which expire, if unexercised, on October 12, 2027, to entice the holder of the convertible promissory note to waive their right to block the equity offering. The waiver warrants did not meet the “fixed for fixed” test and are therefore reported as liabilities at fair value through profit and loss and revalued at the end of each period. On March 30, 2023, the waiver warrants were modified to cashless exercise as described above, and therefore met the “fixed for fixed” test and were reclassified to equity.

The fair value of the waiver warrants as at December 31, 2022 was \$184,983 and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.15; exercise price \$0.23; expected volatility: 100%; dividend yield 0%; risk free rate: 3.10%.

The fair value of the waiver warrants as at March 30, 2023 prior to transfer to equity was \$328,696 and was determined using the stock price on the date, as the warrants were cashless exercise at that date.

## 7. SHARE CAPITAL

### (a) Authorized Unlimited number of common shares without par value

As at March 31, 2023, the Company had 62,911,417 common shares issued and outstanding (December 31, 2022 – 44,868,560).

As of the date of issuance of these restated financial statements total outstanding common shares is 1,853,955 post 100-to-1 reverse split that was effective as of August 9, 2023, (185,393,404 pre-split).

## **Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements  
(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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## 7. SHARE CAPITAL (cont'd)

### (b) Common share transactions

- Transaction subsequent to the quarter ended March 31, 2023 is as follows:

- Subsequent to the period end, a total of 21,031,987 cashless warrants were exercised in exchange for common shares of the Company.
- On June 28, 2023 the Company issued 50,000,000 at \$0.045 per share for gross proceeds of \$2,250,000 before offering expenses and other expenses included in share issuance costs.
- On July 13, 2023, the Company issued 51,450,000 shares at \$0.045 per share for gross proceeds of \$2,315,250.
- On August 9, 2023, the Company affected a 100-to-1 reverse stock split resulting in 185,393,404 shares converted with rounding into 1,853,955 shares.

*Transactions for the three months ended March 31, 2023 are as follows:*

- The Company issued 18,042,857 common shares on the exercise of various warrants for gross proceeds of \$3,608,571. Additionally, the Company issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 30, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 21,031,987 common shares were issued for cashless warrants subsequent to March 31, 2023 as described in Note 16.

*Transactions for the three months ended March 31, 2022 are as follows:*

- On January 11, 2022, the Company completed an underwritten public offering in the United States, raising a total of \$20,013,043 in gross proceeds. The Company allocated the gross proceeds firstly to the warrant liabilities, with the remainder to the common shares. Direct costs have been allocated based on the percentage allocation of the proceeds. The underwritten public offering resulted in the sale to the public of 7,215,652 Units at \$2.30 per Unit, with each Unit being comprised of one common share and one warrant (the “Unit Warrants”) exercisable at \$2.30 per share. The Unit warrants are exercisable immediately and have a term of 5 years. Gross proceeds of \$10,936,974 were allocated to the common shares, and \$5,395,878 to the unit warrants liability.

In addition, the Company issued 1,480,000 pre-funded units (“Pre-Funded Units”) at \$2.29 per Pre-Funded Unit. Each Pre-Funded Unit is comprised of a one-pre-funded warrant (a “Pre-Funded Warrant”) to purchase one common share, and one warrant to purchase one common share. The Pre-Funded Warrant allows the holder to acquire one common share of the Company at an exercise price of \$0.01 per common share, and a warrant to purchase a common share at an exercise price of \$2.30 per share. The warrants are exercisable immediately and have a term of 5 years. Each Pre-Funded Warrant is exercisable immediately and is exercisable until all Pre-Funded Warrants are exercised. Proceeds of \$2,560,400 were allocated to the pre-funded warrants and \$1,106,747 to the unit warrants in the warrant liability.

The Company determined that the pre-funded warrants within the Pre-funded Units are common shares in substance, as they require only a minimal exercise price of \$0.01. In addition, the underwriting agreement includes both the Units and Pre-funded Units and were negotiated together in the equity raise. Given that the purpose of the Pre-funded Unit is in substance the same as that of the Unit (i.e., resulting in the ownership of both common shares and common share warrants) and that the terms of the warrants in both the Units and Pre-funded Units are the same (i.e., the obligations of the Company for the units are the same), the Company determined that the Units and Pre-funded Units are closely related and should be combined into one unit of account for the purposes of allocating proceeds.

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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**7. SHARE CAPITAL (cont'd)****(b) Common share transactions (cont'd)**

Therefore, the proceeds from the sale of the Units and Pre-funded Units are combined and allocated among the common shares, pre-funded warrants, and the common share warrants using the residual method, with the warrant liability being initially recognized at fair value as of the registration date and the residual amount being allocated to the common shares (i.e., equity).

The Company concurrently sold an additional 1,304,347 warrants to purchase 1,304,347 common shares exercisable at \$2.30 per share (the "Option Warrants") pursuant to an over-allotment option exercised by the underwriter. The exercise price of the warrants issued in connection with the exercise of the over-allotment option was \$0.0097 per warrant. Each Option Warrant is exercisable immediately and has a term of five years from the issue date. Proceeds of \$975,393 were allocated to the option warrant liability. As the fair value of the warrant liability exceeded the proceeds received on the warrants of \$13,043, a fair value loss of \$962,350 was recognized in the statement of profit and loss as a fair value change in the opening warrant liability.

The fair value of the common shares and pre-funded units was determined by reference to the market price on the day of the offering, which was \$1.73 per share. The Unit Warrants, Warrants, and Option Warrants were valued using the Black-Scholes model using the following assumptions: initial stock price \$1.73, strike rate \$2.30, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company also issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the "Placement Agent Warrants"), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company assessed that the warrants issued under the public offering, excluding the Placement Agent Warrants did not meet the "fixed for fixed" test and are therefore reported as liabilities at fair value through profit and loss, and revalued at the end of each period. The Placement Agent Warrants were assessed under IFRS 2 *Share Based Payments*, as equity-settled share-based payments and have been recorded in equity.

The direct costs related to the issuance of the common shares and warrants issued in the January 2022 underwritten public offering were \$2,016,895, including the value of the Placement Agent Warrants. Direct costs of \$965,248 were allocated to the warrant liability and expensed immediately in profit and loss. During the period, 1,480,000 Pre-Funded Warrants were exercised for gross proceeds of \$14,800, converting into 1,480,000 common shares that were fully issued.

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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**7. SHARE CAPITAL (cont'd)**

**(b) Common share transactions (cont'd)**

- On March 31, 2022, as part of the ClearRF acquisition (Note 3), the Company issued 138,958 shares to the vendor with a fair value of \$190,094.

**(c) Stock options**

The Company has a shareholder-approved “rolling” stock option plan (the “Plan”) in compliance with Nasdaq policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 15% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant, less a discount of up to 25%. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

A summary of the Company’s stock option activity is as follows:

	<b>Number of stock options</b>	<b>Weighted Average Exercise Price</b>
<b>Outstanding options, December 31, 2021</b>	<b>414,568</b>	<b>\$ 13.88</b>
Granted	1,145,000	\$ 1.15
Expired/Cancelled	(53,430)	\$ 30.90
<b>Outstanding options, December 31, 2022 and March 31, 2023</b>	<b>1,506,138</b>	<b>\$ 3.53</b>

14

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

**7. SHARE CAPITAL (cont'd)**

**(c) Stock options (cont'd)**

As at March 31, 2023 stock options outstanding are as follows:

<b>Grant Date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry date</b>	<b>Remaining contractual life (years)</b>
24-Dec-18	12,896	12,896	\$ 54.00	24-Dec-23	0.63
15-Jan-19	828	828	\$ 54.00	15-Jan-24	0.69
21-Mar-19	12,345	12,345	\$ 59.00	21-Mar-24	0.87
01-Jan-20	2,069	2,069	\$ 54.00	01-Jan-24	0.65
15-Nov-20	95,000	95,000	\$ 6.00	15-Nov-30	7.53
15-Nov-20	161,500	161,500	\$ 6.00	15-Nov-25	2.52
02-Jan-21	57,000	57,000	\$ 11.50	02-Jan-26	2.65
02-Jan-21	5,000	5,000	\$ 11.50	02-Jan-31	7.66
18-Jan-21	14,500	14,500	\$ 11.50	18-Jan-26	2.70

01-Jan-22	20,000	12,500	\$ 4.00	29-Oct-26	3.48
13-Apr-22	795,000	265,000	\$ 1.10	13-Apr-27	3.93
12-Jul-22	330,000	110,000	\$ 1.10	12-Jul-25	2.18
<b>Total</b>	<b><u>1,506,138</u></b>	<b><u>748,638</u></b>	<b><u>\$ 3.53</u></b>		<b><u>3.51</u></b>

Transactions for the three months ended March 31, 2022 are as follows:

- On January 1, 2022, the Company granted 20,000 stock options at \$4.00 per share that vest in 8 equal quarterly periods with the first vesting occurring on the grant date. The fair value on the date of the grant was \$54,480 (\$2.724 per option).

15

### Siyata Mobile Inc.

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

## 7. SHARE CAPITAL (cont'd)

### (d) Restricted share units

The Company approved on February 14, 2022, the addition of the issuance of restricted share units to the existing executive stock option plan.

A summary of the Company's restricted share unit activity is as follows:

	Number of RSU's	Weighted Average Issue Price
<b>Outstanding RSU, December 31, 2021</b>	-	\$ -
Granted	3,195,000	\$ 1.05
Exercised	(30,000)	\$ 1.10
<b>Outstanding RSU, December 31, 2022 and March 31, 2023</b>	<b><u>3,165,000</u></b>	<b><u>\$ 1.05</u></b>

As at March 31, 2023 restricted share units outstanding are as follows:

Grant Date	Number of RSU's outstanding	Number of RSU's exercisable	Weighted Average Issue Price
09-Mar-22	2,250,000	1,200,000	\$ 1.03
13-Apr-22	825,000	513,750	\$ 1.10
12-Jul-22	90,000	37,500	\$ 1.10
<b>Outstanding RSU, March 31, 2023</b>	<b><u>3,165,000</u></b>	<b><u>1,751,250</u></b>	<b><u>\$ 1.05</u></b>

Transactions for the three months ended March 31, 2022, are as follows:

- On March 9, 2022, the Company granted 450,000 RSU's to Directors that vest immediately. On the date of granting, the fair value and stock price was \$1.03/share.



- On March 9, 2022, the Company granted 1,800,000 RSU's to a Director that vest quarterly over 12 periods with the first vesting of 150,000 RSU's occurring on the date of the granted and another 150,000 vest every three months until all of the granted RSU's have vested. On the date of granting, the fair value and the stock price was \$1.03/share.

16

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

**7. SHARE CAPITAL (cont'd)**

**(e) Agents' options**

A summary of the Company's agent options activity is as follows:

	Number of options	Weighted average exercise price
<b>Outstanding agent options, December 31, 2021</b>	<b>445,926</b>	<b>\$ 7.51</b>
Granted	487,283	\$ 2.51
Expired	(1,702)	\$ 20.49
<b>Outstanding agent options, December 31, 2022 and March 31, 2023</b>	<b>931,507</b>	<b>\$ 4.12</b>

As at March 31, 2023 agent options outstanding are as follows:

<b>Grant Date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry date</b>	<b>Remaining contractual life (years)</b>
29-Sep-20	113,500	113,500	\$ 6.60	28-Sep-25	2.00
29-Sep-20	266,000	266,000	\$ 6.85	28-Sep-25	2.00
31-Dec-20	64,724	64,724	\$ 11.50	30-Jun-24	1.00
11-Jan-22	434,783	434,783	\$ 2.53	11-Jan-27	4.00
01-Apr-22	52,500	52,500	\$ 2.30	08-Mar-27	4.00
<b>Total</b>	<b>931,507</b>	<b>931,507</b>	<b>\$ 4.12</b>		<b>2.98</b>

Transactions for the three months ended March 31, 2022 are as follows:

- The Company issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the "Placement Agent Warrants"), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%. The Company also issued 52,500 agent's options with a fair value of \$61,950 with an exercise price of \$2.30.

17

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

**7. SHARE CAPITAL (cont'd)****(f) Share purchase warrants**

A summary of the Company's share purchase warrant activity is as follows:

	<b>Number of Warrants</b>	<b>Weighted average exercise price</b>
<b>Outstanding, December 31, 2021</b>	<b>5,121,328</b>	<b>\$ 7.64</b>
Granted	29,139,129	\$ 0.94
Expired	(128,386)	\$ 33.47
<b>Outstanding, December 31, 2022</b>	<b>34,132,071</b>	<b>\$ 1.76</b>
Granted	18,042,857	0.20
Exercised	(18,042,857)	0.20
<b>Outstanding, March 31, 2023</b>	<b>34,132,071</b>	<b>\$ 1.47</b>

As at March 31, 2023 the share purchase warrants outstanding are as follows:

<b>Grant Date</b>	<b>Number of Warrants outstanding and exercisable</b>	<b>Exercise Price</b>	<b>Expiry date</b>
29-Sep-20	1,805,585	\$ 6.85	28-Sep-25
31-Dec-20	1,294,500	\$ 11.50	30-Jun-24
11-Jan-22	9,999,999	\$ 2.30	11-Jan-27
12-Oct-22	1,250,000	Cashless	11-Jan-27
12-Oct-22	1,739,130	Cashless	11-Jan-27
19-Jan-23	18,042,857	Cashless	18-Jan-28
<b>Total</b>	<b>34,132,071</b>	<b>\$ 1.47</b>	

*Transactions for the three months ended March 31, 2023 are as follows:*

- 18,042,857 warrants were exercised. The Company issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 31, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 17,116,987 cashless warrants were exercised subsequent to March 31, 2023.

*Transactions for the three months ended March 31, 2022 are as follows:*

- 128,386 share purchase warrant expired in 2022.
- On January 11, 2022 as part of an underwritten public offering, the Company issued a total of 9,999,999 share purchase warrants, exercisable at \$2.30 per warrant and with a term of five years.

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

**8. COST OF SALES**

<b>(in thousands)</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Inventory expensed	\$ 971	\$ 359
Royalties	106	54
Other expenses	229	165
Total	<u>\$ 1,306</u>	<u>\$ 578</u>

**9. SELLING AND MARKETING EXPENSES**

<b>(in thousands)</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Salaries and related expenses	\$ 705	\$ 618
Advertising and marketing	249	398
Travel and conferences	49	29
Total	<u>\$ 1,003</u>	<u>\$ 1,045</u>

**10. GENERAL AND ADMINISTRATIVE EXPENSES**

<b>(in thousands)</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Salaries and related expenses	\$ 151	\$ 125
Professional services	565	377
Consulting and director fees	263	419
Travel	14	36
Office and general	326	442
Regulatory and filing fees	27	21
Shareholder relations	46	239
Total	<u>\$ 1,392</u>	<u>\$ 1,659</u>

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

**11. TRANSACTION COSTS**

Transaction costs incurred in relation to the January 2023 warrant raise and issuance described in Note 7 were \$309,000 and were included in the change in fair value of warrant liability on the statement of operations.

Transaction costs incurred in the three months ended March 31, 2022 were \$965,247, which are costs incurred for the January 11, 2022 capital raise that were allocated to the warrant liability and expensed through the statement of operations.

## 12. FINANCIAL INSTRUMENTS

The fair values of the Company's cash, trade and other receivables, accounts payable and accrued liabilities and long-term debt, approximate carrying value, which is the amount recorded on the consolidated statement of financial position.

### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company places its cash with institutions of high creditworthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 34% of the Company's revenue for the three months ended March 31, 2023 (March 31, 2022 - 23%) is attributable to sales transactions with a single customer.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. In prior years, certain key customers were offered extended payment terms on their purchases due to slow down from Covid-19 and budget approvals for government tenders.

As a result, the Company had customers with overdue receivables on their books which resulted in the Company taking a bad debt provision on these overdue receivables which amounted to \$1,062,052 at March 31, 2023 (March 31, 2022 - \$1,056,393).

## **Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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## 12. FINANCIAL INSTRUMENTS (cont'd)

More than 50% (2022 – 18%) of the Company's customers have been active with the Company for over four years, and the allowance for doubtful accounts of \$1,062,052 (2022 - \$1,056,393) has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity, and the existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Company.

The carrying amount of financial assets represents the maximum credit exposure, notwithstanding the carrying amount of security or any other credit enhancements.

### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs, and it is careful at all times to have enough unused credit facilities so that the Company does not exceed its credit limits and is in compliance with its financial covenants (if any). These forecasts take into consideration matters such as the Company's plan to use debt for financing its activity, compliance with required financial covenants, compliance with certain liquidity ratios, and compliance with external requirements such as laws or regulation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

With the exception of employee benefits, the Company's accounts payable and accrued liabilities have contractual terms of 90 days. The employment benefits included in accrued liabilities have variable maturities within the coming year.

## **Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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## **12. FINANCIAL INSTRUMENTS (cont'd)**

### *Market risk*

#### *a) Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

#### *b) Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates is inherently involved in the calculation of the fair value of the warranty liability which are revalued based on changes parameters which include the prevailing interest rate.

#### *c) Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general

movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### 13. RELATED PARTY TRANSACTIONS

#### Key Personnel Compensation

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel for the three months ended March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments to key management personnel:		
Salaries, consulting and directors' fees	\$ 285,413	\$ 491,889
Share-based payments	243,323	767,436
<b>Total</b>	<u>\$ 528,736</u>	<u>\$ 1,259,325</u>

22

#### **Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements  
(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

### 13. RELATED PARTY TRANSACTIONS (cont'd)

Salaries, consulting and directors' fees shown above are classified within profit and loss as shown below:

<u>Type of Service</u>	<u>Nature of Relationship</u>	<u>(in thousands)</u>	
		<u>2023</u>	<u>2022</u>
Selling and marketing expenses	VP Technology/VP Sales International	\$ 46	\$ 84
General and administrative expense	Companies controlled by the CEO, CFO and Directors	\$ 239	\$ 408

### 14. SEGMENTED INFORMATION

The Company is domiciled in Canada, and it operates and produces its income primarily in Israel, Europe and North America. The Company operates as a single segment being the sale of cellular-based communications products.

The Company's entity-wide disclosures include disaggregated information about product sales, geographical areas, and major customers.

Geographical area information is shown below:

#### **External revenues by Geography for the three months ended March 31** **(in thousands)**

	<u>2023</u>	<u>2022</u>
USA	\$ 1,073	\$ 245
Canada	219	249

EMEA	511	326
Australia	-	13
Total	<u>\$ 1,803</u>	<u>\$ 833</u>

23

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

**14. SEGMENTED INFORMATION (cont'd)**

Non-current asset geographic area information is shown below:

<b>(in thousands)</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Long-term receivable total	\$ 146	\$ 150
Canada	-	-
EMEA	146	150
Right of use asset total	\$ 812	\$ 887
Canada	118	177
EMEA	694	710
Equipment total	\$ 200	\$ 207
Canada	-	-
EMEA	200	207
Intangibles total	\$ 7,481	\$ 6,988
Canada	-	-
EMEA	7,481	6,988

Product information is shown below:

**Revenue by product line for the three months ended March 31**

<b>(in thousands)</b>	<b>2023</b>	<b>2022</b>
Cellular boosters and related accessories	\$ 438	\$ 463
Rugged devices and related accessories	1,365	370
Total	<u>\$ 1,803</u>	<u>\$ 833</u>

24

**Siyata Mobile Inc.**

Notes to the Restated Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

## 15. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	Three months ended	
	March 31	
	2023	2022
Change in non-cash working capital:		
Trade and other receivables	\$ 463,505	\$ (6,303)
Prepays	(491,942)	(731,566)
Inventory	528,510	(1,060,581)
Advances to suppliers	(519,709)	(590,506)
Accounts payable and accrued liabilities	(967,476)	(836,698)
Deferred revenue	(149,600)	-
	<u><u>\$ (1,136,712)</u></u>	<u><u>\$ (3,225,654)</u></u>

During the three months ended March 31, 2023, the Company paid \$nil (March 31, 2022 - \$2,659) in interest and \$Nil (March 31, 2022 - \$nil) in income taxes.

## 16. SUBSEQUENT EVENTS

Subsequent to the period end, a total of 21,031,987 cashless warrants were exercised in exchange for common shares of the Company.

On June 28, 2023 the Company issued 50,000,000 at \$0.045 per share for gross proceeds of \$2,250,000 before offering expenses and other expenses included in share issuance costs.

On July 13, 2023, the Company issued 51,450,000 shares at \$0.045 per share for gross proceeds of \$2,315,250.

On August 3, 2023, the Company affected a 100-to-1 reverse stock split resulting in 185,393,404 shares converted with rounding into 1,853,955 shares.

The Company was issued a cease trading order by the British Columbia Securities Exchange for late filing of these Q1 2023 financial statements that were due on May 15, 2023. The cease trading order was lifted upon filing of the Q1 2023 financial statements on May 24, 2023.

The Company entered into a factoring agreement for their receivables in North America.

## 17. RESTATEMENT OF FINANCIAL STATEMENTS

In conjunction with preparation of the Company's financial statements for the three month period ended March 31, 2023 and as part of a continuous disclosure review by the Staff of Company's principal securities regulator in relation to the accounting for warrant liability and share capital, the Company identified an error in how the fair value has been accounted for in the previously issued March 31, 2023 unaudited condensed interim consolidated financial statements.

The Company evaluated the significance of the corrections and determined the adjustments were material to the unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2023. The impact of these changes has been restated in these financial statements.

The above restatement reflects the impact of an error in the calculation of the fair value of warrant liability on January 19, 2023 due to an incorrect level 3 input parameter for the term to maturity of those warrants resulting in an overstatement of the change in fair value expense for the period of \$2,705,253 and a resulting decrease in the same amount to share capital.

The above restatement did not impact the total assets nor liabilities and did not impact the net equity as the share capital decreased by \$2,705,253 and the deficit was reduced by the same amount.



## Financial impact

The following tables summarize the effects of the restatement.

Selected line items restated in the Consolidated Statements of Financial Position:

**Siyata Mobile Inc.**  
**Restated Balance Sheet**  
**March 31, 2023**

	<u>As originally filed</u>	<u>Adjustment</u>	<u>As Restated</u>
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 1,179,694		\$ 1,179,694
Trade and other receivables (Note 3)	1,111,123		1,111,123
Prepaid expenses	665,446		665,446
Inventory (Note 4)	3,564,040		3,564,040
Advance to suppliers	675,561		675,561
	<u>7,195,864</u>		<u>7,195,864</u>
Long term receivable	146,196		146,196
Right of use assets	811,966		811,966
Equipment	199,743		199,743
Intangible assets	7,481,391		7,481,391
<b>Total assets</b>	<u>\$ 15,835,160</u>		<u>\$ 15,835,160</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 2,111,174		\$ 2,111,174
Deferred revenue	-		-
Lease obligations	294,359		294,359
Warrant liability (Note 6)	628,765		628,765
	<u>3,034,298</u>		<u>3,034,298</u>
Lease obligation	543,944		543,944
<b>Total liabilities</b>	<u>3,578,242</u>		<u>3,578,242</u>
<b>Shareholders' equity</b>			
Share capital (Note 7)	79,626,690	(2,705,253)	76,921,437
Reserves (Note 7)	17,933,273		17,933,273
Accumulated other comprehensive loss	98,870		98,870
Deficit	(85,401,915)	2,705,253	(82,696,662)
	<u>12,256,918</u>	<u>-</u>	<u>12,256,918</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 15,835,160</u>	<u>\$ -</u>	<u>\$ 15,835,160</u>

Selected line items restated in the Consolidated Statements of Loss and Comprehensive Loss:

	As originally filed	Adjustment	As Restated
Revenue	\$ 1,802,637		\$ 1,802,637
Cost of sales (Note 8)	(1,306,120)		(1,306,120)
<b>Gross profit</b>	<b>496,517</b>		<b>496,517</b>
<b>EXPENSES</b>			
Amortization and depreciation	401,640		401,640
Development expenses	53,985		53,985
Selling and marketing (Note 9)	1,003,365		1,003,365
General and administrative (Note 10)	1,392,430		1,392,430
Share-based payments (Note 7)	310,828		310,828
Total operating expenses	3,162,248		3,162,248
<b>Net operating loss</b>	<b>(2,665,731)</b>		<b>(2,665,731)</b>
<b>OTHER EXPENSES</b>			
Finance expense (Note 11)	34,098		34,098
Foreign exchange	163		163
Change in fair value of convertible promissory note (Note 5)	-		-
Change in fair value of warrant liability (Note 6)	4,883,260	(2,705,253)	2,178,007
Transaction costs (Note 12)	-		-
<b>Total other expenses</b>	<b>4,917,521</b>	<b>(2,705,253)</b>	<b>2,212,268</b>
<b>Net loss for the year</b>	<b>(7,583,252)</b>	<b>(2,705,253)</b>	<b>(4,877,999)</b>
<b>Other comprehensive income</b>			
Translation adjustment	-		-
<b>Comprehensive loss for the year</b>	<b>\$ (7,583,252)</b>	<b>\$ (2,705,253)</b>	<b>\$ (4,877,999)</b>
<b>Weighted average shares</b>	<b>59,102,369</b>	<b>59,102,369</b>	<b>59,102,369</b>
Basic and diluted loss per share	\$ (0.13)	\$ 0.05	\$ (0.08)

Selected line items restated in the Consolidated Statements of Changes in Shareholder's Equity:

	As originally filed	Adjustment	As Restated
<b>Deficit</b>			
Deficit-Beginning of period	(77,818,663)		(77,818,663)
loss for the period	(7,583,252)	2,705,253	(4,877,999)
<b>Deficit-end of period</b>	<b>(85,401,915)</b>	<b>2,705,253</b>	<b>(82,696,662)</b>
<b>Share Capital</b>			
Share capital-Beginning of period	73,312,866		73,312,866
warrants exercised	6,313,824	(2,705,253)	3,608,571
<b>Share capital-end of period</b>	<b>79,626,690</b>	<b>(2,705,253)</b>	<b>76,921,437</b>

Selected line items restated in the Consolidated Statements of Cash Flows:

	As originally filed	Adjustment	As Restated
<b>Operating activities</b>			
Net loss for the year	\$(7,583,252)	\$ 2,705,253	\$(4,877,999)
Items not affecting cash:			
Amortization and depreciation	401,640		401,640
Bad debt expense	-		-
Fair value changes on derivatives	4,883,260	(2,705,253)	2,178,007
Foreign exchange	11,666		11,666
Share based payments	310,828		310,828
Change in non-cash working capital	<u>(1,136,712)</u>		<u>(1,136,712)</u>
<b>Net cash used in operating activities</b>	<u>(3,112,570)</u>	<u>-</u>	<u>(3,112,570)</u>
<b>Investing activities</b>			
Intangible asset additions	(817,849)		(817,849)
Equipment additions	<u>(2,498)</u>		<u>(2,498)</u>
<b>Net cash used in investing activities</b>	<u>(820,347)</u>	<u>-</u>	<u>(820,347)</u>
<b>Financing activities</b>			
Lease payments	(100,702)		(100,702)
Transaction costs	(309,000)		(309,000)
Exercise of warrants	<u>3,608,571</u>		<u>3,608,571</u>
<b>Net cash from financing activities</b>	<u>3,198,869</u>	<u>-</u>	<u>3,198,869</u>
Effect of foreign exchange on cash	-		-
Change in cash and restricted cash for the year	(734,048)		(734,048)
Cash and restricted cash, beginning of year	<u>1,913,742</u>		<u>1,913,742</u>
<b>Cash and restricted cash, end of year</b>	<u>\$ 1,179,694</u>	<u>\$ -</u>	<u>\$ 1,179,694</u>



Restated Management Discussion and Analysis  
(Expressed in U.S. Dollars)

As at and for the three month period ended March 31, 2023 and March 31, 2022  
Prepared on August 14, 2023

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This restated MD&A contains “forward-looking statements,” which includes information relating to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or management’s good faith belief as of that time with respect to future events, and are subject to significant risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- the size and growth potential of the markets for our products, and our ability to serve those markets;
  - the rate and degree of market acceptance of our products;
  - our ability to expand our sales organization to address effectively existing and new markets that we intend to target;
  - impact from future regulatory, judicial, and legislative changes or developments in the U.S. and foreign countries;
  - our ability to compete effectively in a competitive industry;
  - our ability to obtain funding for our operations and effectively utilize the capital raised therefrom;
  - our ability to attract collaborators and strategic partnerships;
  - our ability to meet the continued listing requirements and standards of the Nasdaq Capital Market, or Nasdaq;
  - our ability to meet our financial operating objectives;
  - the availability of, and our ability to attract, qualified employees for our business operations;
  - general business and economic conditions;
  - our ability to meet our financial obligations as they become due;
  - positive cash flows and financial viability of our operations and any new business opportunities;
- i
- our ability to secure intellectual property rights over our proprietary products or enter into license agreements to secure the legal use of certain patents and intellectual property;
  - our ability to be successful in new markets;
  - our ability to avoid infringement of intellectual property rights; and
  - the effects of the global COVID-19 pandemic and the war in Ukraine.

The foregoing does not represent an exhaustive list of matters that may be covered by the forward-looking statements contained herein or risk factors that we are faced with that may cause our actual results to differ from those anticipated in our forward-looking statements. Please see “Item 3. Key Information – D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects” for additional factors that could adversely impact our business and financial performance.

Moreover, new risks regularly emerge and it is not possible for our management to predict or articulate all the risks we face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. All forward-looking statements included in this Annual Report are based on information available to us on the date of this Annual Report. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained above and throughout this Annual Report.

Readers are urged to carefully review and consider the various disclosures made throughout this MD&A which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

You should not put undue reliance on any forward-looking statements. Any forward-looking statements in this restated MD&A Report are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

## **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

## **ITEM 3. KEY INFORMATION**

### **A. [Reserved]**

### **B. Capitalization and Indebtedness**

Not applicable.

### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

### **D. Risk Factors**

You should carefully consider the risks described below, together with all of the other information in this Annual Report. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of these risks actually occurs, our business and financial condition could suffer and the price of our Common Shares and warrants to purchase Common Shares, or the Warrants, could decline.

## **Summary of Risk Factors**

### ***Risks Related to Our Financial Condition and Capital Requirements***

- We have a history of operating losses and we may never achieve or maintain profitability.
- Our consolidated audited financial statements for the fiscal year ended December 31, 2022 and our restated unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2023, both include a “going concern” explanatory paragraph expressing substantial doubt about our ability to continue as an ongoing business for the next twelve months. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot secure the financing needed to continue as a viable business, our shareholders may lose some or all of their investment in us.
- In 2022, our independent registered public accountants identified three material weaknesses in our internal controls over financial reporting. If we are unable to remediate these material weaknesses, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner. In 2021, our independent registered public accountants identified five material weaknesses in our internal controls over financial reporting, which have only been partially remediated.

1

### ***Risks Related to Our Business and Industry***

- We rely on our channel partners to generate a substantial majority of our revenues. If these channel partners fail to perform or if we cannot enter into agreements with channel partners on favorable terms, our operating results could be significantly harmed.
- We are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets, and if end customers in those markets do not purchase our solutions, our revenues will be adversely impacted, and we may not be able to expand into other markets.
- We participate in a competitive industry, which may become more competitive. Competitors with greater resources and significant experience in high-volume product manufacturing may be able to respond more quickly and cost-effectively than we can to new or emerging technologies and changes in customer requirements.
- Defects in our products could reduce demand for our products and result in a loss of sales, delay in market acceptance and injury to our reputation, which would adversely impact our business.
- If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business would suffer.
- We may not be able to continue to develop solutions to address user needs effectively in an industry characterized by ongoing change and rapid technological advances.
- The markets for our devices and related accessories may not develop as quickly as we expect, or may not develop at all. Our dependence on our cellular carrier channel partners and their success in promoting Push to Talk over Cellular to their client base is key for the success of the business.
- Our future success is dependent on our ability to create independent brand awareness for our company and products with end customers, and our inability to achieve such brand awareness could limit our prospects.

- We are dependent on the continued services and performance of a concentrated group of senior management and other key personnel, the loss of any of whom could adversely impact our business.
- We compete in a rapidly evolving market, and the failure to respond quickly and effectively to changing market requirements could cause our business and operating results to decline.
- If we are unable to sell our solutions into new markets, our revenues may not grow.
- If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely impacted.
- A security breach or other significant disruption of our information technology (“IT”) systems or those of our partners, suppliers or manufacturers, caused by cyberattacks or other means, could have a negative impact on our operations, sales, and operating results.
- We experience lengthy sales cycles for our products and the delay of an expected large order could result in a significant unexpected revenue shortfall.

2

- We have a limited history of contracting with third party manufacturers in Asia for the high-volume commercial production of our devices, and we may face manufacturing capacity constraints.
- Our financial condition and results of operations as well as those of potential customers could be adversely affected by the Russian invasion of Ukraine, which has caused a material adverse effect on the level of economic activity around the world, including in the markets we serve.
- We rely on industry data and projections which may prove to be inaccurate.

***Risks Related to our Reliance on Third Parties***

- As we work with multiple vendors for our components, if we fail to adequately forecast demand for our inventory and supply needs, we could incur additional costs or experience manufacturing delays, which could reduce our gross margin or cause us to delay or even lose sales.
- Our dependence on third-party suppliers for key components of our products could delay shipment of our products and reduce our sales.
- Because we rely on a small number of channel partners/customers for a large portion of our revenue, the loss of any of these customers would have a material adverse effect on our operating results and cash flows.
- The application development ecosystem supporting our devices and related accessories is new and evolving.
- Failure of our suppliers, subcontractors, distributors, resellers, and representatives to use acceptable legal or ethical business practices, or to fail for any other reason, could negatively impact our business.
- Our products are subject to risks associated with sourcing and manufacturing.
- The nature of our business may result in undesirable press coverage or other negative publicity, which would adversely impact our brand identity, future sales and results of operations.

- Changes in the availability of federal funding to support local public safety or other public sector efforts could impact our opportunities with public sector end customers.
- Economic uncertainties or downturns, or political changes, could limit the availability of funds available to our customers and potential customers, which could significantly adversely impact our business.
- Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our operating results and financial condition.
- We are exposed to risks associated with strategic acquisitions and investments.
- We could be adversely impacted by changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters.

***Risks Related to Government Regulation***

- We are subject to anti-corruption, anti-bribery, anti-money laundering, economic sanctions, export control, and similar laws. Non-compliance with such laws can subject us to criminal or civil liability and harm our business, revenues, financial condition and results of operations.
- We are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws and regulations.
- Changes in laws and regulations concerning the use of telecommunication bandwidth could increase our costs and adversely impact our business.
- We are subject to a wide range of privacy and data security laws, regulations and other legal obligations.

***Risks Related to Our Intellectual Property***

- If we are unable to successfully protect our intellectual property, our competitive position may be harmed.
- Others may claim that we infringe on their intellectual property rights, which may result in costly and time-consuming litigation and could delay or otherwise impair the development and commercialization of our products.
- Our use of open source software could subject us to possible litigation or otherwise impair the development of our products.
- Our inability to obtain and maintain any third-party license required to develop new products and product enhancements could seriously harm our business, financial condition and results of operations.

***Risks Related to our Locations in Israel and Canada and Our International Operations***

- Conditions in Israel could materially and adversely affect our business.
- It may be difficult to enforce a U.S. judgment against us, our officers and directors named herein in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors.



- Because we are a corporation incorporated in British Columbia and some of our directors and officers are resident in Canada, it may be difficult for investors in the United States to enforce civil liabilities against us based solely upon the federal securities laws of the United States. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada.
- We have operations in China, which exposes us to risks inherent in doing business there.
- The impact of potential changes in customs, tariffs, and trade policies in the United States and the potential corresponding actions by other countries, in which we do business could adversely impact our financial performance.
- Operating outside of the United States presents specific risks to our business, and we have substantial operations outside of the United States.
- Foreign currency fluctuations may reduce our competitiveness and sales in foreign markets.

*Risks Related to Ownership of Our Securities*

- We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects. In addition, such funding may dilute our existing shareholders.
- We expect that our stock price will fluctuate significantly, and you may not be able to resell your shares at or above the public offering price you paid for your shares.
- The conversion of the Lind Partner Note and the exercise of the Lind Partner Warrant or future sales of our Common Shares may further dilute the Common Shares and adversely impact the price of our Common Shares.
- If we are not able to comply with the applicable continued listing requirements or standards of Nasdaq, Nasdaq could delist our Common Shares and Warrants which could negatively impact the price of our securities and an investor's ability to sell them. We have until August 21, 2023 to regain compliance with the minimum bid price requirement set forth under Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"), resulting from the fact that the closing bid price of the Company's Common Shares, no par value per share, was below \$1.00 per share for a period of 30 consecutive business days.
- If our Common Shares become subject to the penny stock rules, it may be more difficult to sell our Common Shares.
- If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.
- We will continue to incur significant increased costs as a result of operating as a public company in the United States, and our management will be required to devote substantial time to new compliance initiatives.
- Because we are a foreign private issuer and are exempt from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.

- We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.
- We will continue to incur significant increased costs as a result of operating as a public company in the United States, and our management will be required to devote substantial time to new compliance initiatives.
- Our executive officers and directors, and their affiliated entities, along with our two other largest stockholders, own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.
- The exercise of the outstanding warrants may further dilute the Common Shares and adversely impact the price of our Common Shares.
- The market for our Common Shares may not provide investors with adequate liquidity.
- Since we do not expect to pay any cash dividends for the foreseeable future, investors in our common shares may be forced to sell their stock in order to obtain a return on their investment.

5

- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.
- A possible “short squeeze” due to a sudden increase in demand of our Common Shares that largely exceeds supply may lead to price volatility in our Common Shares.
- The Company is presently under a cease trading order with the British Columbia Securities Commission, for late filing of the Company’s three month ended March 31, 2023 financial statements.
- The Company has received a notice from NASDAQ that the Company is in default of maintaining a minimum bid price of \$1.00 per share. In the event this is not rectified by August 21, 2023, the Company will be de-listed from NASDAQ exchange.

### **Risks Related to Our Financial Position and Capital Requirements**

***We have a history of operating losses and we may never achieve or maintain profitability.***

We have a limited operating history and a history of losses from operations. As of March 31, 2023 the restated accumulated deficit of \$82,696,662. Our existing cash and cash equivalents will be insufficient to fully fund our business plan. Our ability to achieve profitability will depend on whether we can obtain additional capital when we need it, complete the development of our technology, obtain required regulatory approvals and continue to develop arrangements with channel partners. There can be no assurance that we will ever achieve profitability.

Our independent registered public accounting firm, in its report on our financial statements for the year ended December 31, 2022, concurs with management representation that raises substantial doubt about our ability to continue as a going concern.

***We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.***

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new

features or enhance our solutions, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, in addition to the revenues we generate from our business, we may need to engage in additional equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Common Shares. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely impacted. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a significant adverse impact on our business, operating results and financial condition.

***Our independent registered public accountants have noted that we may not survive as a going concern.***

Our independent registered public accountants have included a “going concern” explanatory paragraph in its report on our consolidated financial statements for the fiscal year ended December 31, 2022, concurring with management representation of expressing substantial doubt about our ability to continue as an ongoing business for the next twelve months. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot secure the financing needed to continue as a viable business, our shareholders may lose some or all of their investment in us.

***Our independent registered public accountants have identified material weaknesses in our internal controls over financial reporting in both 2022 and 2021. If we are unable to remediate these material weaknesses, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner.***

In connection with the audit of our consolidated financial statements for the years ended December 31, 2022 and 2021, our independent registered public accountants identified several material weaknesses in our internal control over financial reporting. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In 2022, our independent registered public accountants identified the following material weaknesses in our internal control over financial reporting. The first material weakness related to our revenue recognition practices where we do not sufficiently review (i) product returns in relation to product sales and (ii) for title transfer terms to determine when revenue should be recorded. The second material weakness related to insufficient documentation of inventory controls relating to our inventory balances, advances to suppliers, and off-site inventory tracking is limited. The third material weakness related to internal control weaknesses in the capitalization and coordination of development costs to prevent excess payments and erroneously recorded invoices.

For the material weaknesses identified in our 2022 audit, we have taken steps to remediate these material weaknesses, and to further strengthen our accounting staff and internal controls, as detailed below:

- With respect to the revenue recognition practices, management will consistently apply of IFRS15 with respect to the five criterion for revenue recognition, In addition, management will institute peer review of North American sales by the Israeli subsidiary’s chief financial officer and peer review by Company’s Chief Financial Officer of Israeli sales recognition policy on a quarterly basis and engage in dialogue on new customers to ensure the revenue recognition policy and the customer contracts are consistently applied.

- With respect to the inventory control weaknesses, management will institute the following remediation procedures:
  - Monthly comparison of inventory first and last cost in USD\$ between periods to note any changes and to investigate the reason for these discrepancies to provide a more accurate quantum of write downs and consistent costing.
  - The implementation of an IT system to track the inventory movements in North America;
  - Monthly comparison of inventory units between periods to note any changes and to investigate the reason for any inconsistencies.
  - Obtain confirmation of goods in transit with external vendors and consignment customers on a more timely basis.

7

- With respect to the development cost weaknesses, the research and development team will be required to approve all invoices from the R&D sub-contractor and ensure they fall within the budget to ensure the amounts capitalized are not in excess of the original budget with its discounted cash flows. Once the R&D team has approved the invoice based on the above criteria, the Company's Chief Executive Officer will review the documentation and once approved, will forward said documentation to the Company's Chief Financial Officer in Canada for wire initiation.

In 2021, our independent registered public accountants identified the following material weaknesses in our internal control over financial reporting. The first material weakness related to the insufficient review of inventory balances for products which are slow-moving. The second material weakness related to the insufficient review of advances to suppliers on products that are no longer selling, the third material weakness relates to insufficient controls surrounding off-site inventory tracking. The fourth material weakness related to insufficient review whether product returns relate to sales recorded in the fiscal year. The fifth material weakness relates to insufficient review of title transfer terms to determine the period in which revenue should be recorded.

For the material weaknesses identified in our 2021 audit, we have taken steps to remediate these material weaknesses, and to further strengthen our accounting staff and internal controls, as detailed below:

- On a quarterly basis, the Company now reviews inventory on hand for slow moving merchandise and reviews inventory on hand regularly. For the year ended 2021, it was determined that \$4,659,648 (2020-\$1,571,649) of the inventory was impaired due to slow movement. The accessories and spare parts related to these products amounted to \$839,693 (2020 - \$316,000), which was also impaired.
- The Company now reviews quantities on hand before approving purchase orders.
- As of April 1, 2022, the Company signed a lease for their own exclusive warehouse space so that outside contract warehouses will not be required.
- The Company now reviews product returns to compare and ensure that they occur in the same fiscal year.
- The Company's controller scrutinizes all revenues earned in the period to ensure compliance with IFRS15.
- The Company's controller and CFO in Canada coordinates full scheduling of the year end process to ensure timely close off of accounting periods.

To date, we have only partially remediated the material weaknesses identified in 2022 and 2021 above. We cannot be certain that other material weaknesses and control deficiencies will not be discovered in the future. If our efforts are not successful or other material weaknesses or control deficiencies occur in the future, we may be unable to report our financial results accurately on a timely basis or help prevent fraud, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence or delisting and cause the market price of our Common Shares to decline.

We began to take steps to remediate these material weaknesses and strengthen our internal control over financial reporting, including the following:

- (i) documenting and formally assessing our accounting and financial reporting policies and procedures; and
- (ii) increasing the use of third-party consultants in assessing significant accounting transactions and other technical accounting and financial reporting issues, preparing accounting memoranda addressing these issues and maintaining these memoranda in our corporate records.

8

While we believe that these efforts will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. We cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to maintain effective internal control over financial reporting. Accordingly, there could continue to be a reasonable possibility that a misstatement of our accounts or disclosures that would result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

### **Risks Related to Our Business and Industry**

***We rely on our channel partners to generate a substantial majority of our revenues. If these channel partners fail to perform or if we cannot enter into agreements with channel partners on favorable terms, our operating results could be significantly harmed.***

More than 50% of our revenues for the three months ended March 31, 2023 (49% of our revenues for the three month period ended March 31, 2022), were generated through sales by our channel partners, which are primarily wireless carriers who sell our devices through their sales channels. To the extent our channel partners are unsuccessful in selling or do not promote our products, or we are unable to obtain and retain a sufficient number of high-quality channel partners, our business and operating results could be significantly harmed. Our channel partners are wireless carriers who have direct and indirect sales channels which we are leveraging to get to their customers. Our wireless carrier channel partners currently include:

- AT&T, in the United States;
- FirstNet, in the United States;
- Verizon, in the United States;
- T-Mobile, in the United States;
- Bell Mobility, in Canada;
- Rogers, in Canada; and

- a leading global land mobile radio, or LMR, vendor and distributor in North America and international markets.

While these arrangements are typically long term, they generally do not contain any firm purchase volume commitments. As a result, our channel partners are not contractually obligated to purchase from us any minimum number of products. We are generally required to satisfy any and all purchase orders delivered to us within specified delivery windows, with limited exceptions (such as orders significantly in excess of forecasts). If we are unable to efficiently manage our supply and satisfy purchase orders on a timely basis to our channel partners, we may be in breach of our sales arrangements and lose potential sales. If a technical issue with any of our covered products exceeds certain present failure thresholds for the relevant performance standard or standards, the channel partner typically has the right to cease selling the product, cancel open purchase orders and levy certain monetary penalties. If our products suffer technical issues or failures following sales to our channel partners, we may be subject to significant monetary penalties and our channel partners may cease making purchase orders, which would significantly harm our business and results of operations. In addition, our channel partners retain sole discretion in which of their stocked products to offer their customers. While we may offer limited customer incentives, we generally have limited to no control over which products our channel partners decide to offer or promote, which directly impacts the number of products that our partners will purchase from us.

9

In addition, our channel partners may be unsuccessful in marketing, selling and supporting our solutions. They may also market, sell and support solutions that are somewhat competitive with ours, and may devote more resources to the marketing, sales and support of such products. They may have incentives to promote our competitors' products in lieu of our products, particularly for our bigger competitors with larger volumes of orders, more diverse product offerings and a longer relationship with our generally large-scale channel partners. As a result, our channel partners may stop selling our products completely. While we employ a small direct sales force, our channel partners have significantly larger sales teams who are not contractually obligated to promote any of our devices and often have multiple competing devices in stock to offer their customers. In addition, downstream sales by our channel partners often succeed due to attractive device prices and monthly rate plans, which we do not control. In certain cases, we may promote our own devices through customer incentives, however, there can be no assurance that any such incentives would contribute to increased purchases of our products. Further, given the impact of attractive pricing on ultimate sales, we generally must offer increased promotional funding or price reductions for our more expensive products. This promotional funding or price reductions operate to reduce our margins and significantly impact our profitability.

New sales channel partners may take several months or more to achieve significant sales. Our channel partner sales structure could subject us to lawsuits, potential liability and reputational harm if, for example, any of our channel partners misrepresents the functionality of our products or services to their customers, or violate laws or our corporate policies.

If we fail to effectively manage our existing or future sales channel partners, our channel partners fail to promote our products effectively, we are unable to meet our obligations under our sales arrangements or future agreements that we may enter into with wireless carrier customers have terms that are more favorable to the customer, our business and results of operations would be harmed.

***We are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets, and if end customers in those markets do not purchase our solutions, our revenues will be adversely impacted, and we may not be able to expand into other markets.***

Our revenues have been primarily in the industrial enterprise market, and we are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets. End customers in the public sector market may remain, for reasons outside our control, tied to LMR solutions or other competitive alternatives to our devices. Sales of our products to these buyers may also be delayed or limited by these competitive conditions. If

our products are not widely accepted by buyers in those markets, we may not be able to expand sales of our products into new markets, and our business, results of operations and financial condition may be adversely impacted.

***We participate in a competitive industry, which may become more competitive. Competitors with greater resources and significant experience in high-volume product manufacturing may be able to respond more quickly and cost-effectively than we can to new or emerging technologies and changes in customer requirements.***

We face significant competition in developing and selling our solutions. Our primary competitors in the non-rugged mobile device market include LG Corporation, Apple Inc. and Samsung Electronics Co. Ltd. Our primary competitors in the rugged mobile device market include Sonim Technologies Inc., Bullitt Mobile Ltd., and Kyocera Corporation. We also face competition from large system integrators and manufacturers of private and public wireless network equipment and devices. Competitors in this space include Harris Corporation, JVC KENWOOD Corporation, Motorola, and Tait International Limited. Within the Cellular Booster category, we have several direct competitors, including Wilson Electronics, LLC, or Wilson Electronics, Nextivity, Inc. and SureCall Company.

We cannot assure you that we will be able to compete successfully against current or future competitors. Increased competition in mobile computing platforms, data capture products, or related accessories and software developments may result in price reductions, lower gross profit margins, and loss of market share, and could require increased spending on research and development, sales and marketing, and customer support. Some competitors may make strategic acquisitions or establish cooperative relationships with suppliers or companies that produce complementary products, which may create additional pressures on our competitive position in the marketplace.

10

Most of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources and experience than we do. In addition, because of the higher volume of components that many of our competitors purchase from their suppliers, they are able to keep their supply costs relatively low and, as a result, may be able to recognize higher margins on their product sales than we do. Many of our competitors may also have existing relationships with the channel partners who we use to sell our products, or with our potential customers. This competition may result in reduced prices, reduced margins and longer sales cycles for our products. Our competitors may also be able to more quickly and cost-effectively respond to new or emerging technologies and changes in customer requirements. The combination of brand strength, extensive distribution channels and financial resources of the larger vendors could cause us to lose market share and could reduce our margins on our products. If any of our larger competitors were to commit greater technical, sales, marketing and other resources to our markets, our ability to compete would be adversely impacted. If we are unable to successfully compete with our competitors, our sales would suffer and as a result our financial condition will be adversely impacted.

***Defects in our products could reduce demand for our products and result in a loss of sales, delay in market acceptance and injury to our reputation, which would adversely impact our business.***

Complex software, as well as multiple components, displays, plastics and assemblies used in our products may contain undetected defects that are subsequently discovered at any point in the life of the product. Defects in our products may result in a loss of sales, product malfunction, delay in market acceptance and potential injuries to our customers which can bring to injury in our reputation and increased warranty costs.

Additionally, our software may contain undetected errors, defects or bugs. Although we have not suffered significant harm from any errors, defects or bugs to date, we may discover significant errors, defects, or bugs in the future that we may not be able to correct or correct in a timely manner. It is possible that errors, defects or bugs will be found in our existing or future software and/or hardware products and related services with the potential for delays in, or loss of market acceptance of, our products and services, diversion of our resources, injury to our reputation, increased service and warranty expenses, and payment of damages.

Further, errors, defects or bugs in our solutions could be exploited by hackers or could otherwise result in an actual or perceived breach of our information systems. Alleviating any of these problems could require significant expense and could cause interruptions, delays or cessation of our product licensing, which would reduce demand for our products and result in a loss of sales, delay in market acceptance and injure our reputation and could adversely impact our business, results of operations and financial condition.

***If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business would suffer.***

Our ability to successfully grow our business depends on a number of factors including our ability to:

- accelerate the adoption of our solutions by new end customers;
- expand into new vertical markets;
- develop and deliver new products and services;
- increase awareness of the benefits that our solutions offer; and
- expand our domestic and international footprint.

11

As usage of our solutions grows, we will need to continue to make investments to develop and implement new or updated solutions, software, technologies, security features and cloud-based infrastructure operations. In addition, we will need to appropriately scale our internal business systems and our services organization, including the suppliers of our products and customer support services, to serve our growing customer base. Any failure of, or delay in, these efforts could impair the performance of our solutions and reduce customer satisfaction.

Further, our growth could increase quickly and place a strain on our managerial, operational, financial and other resources, and our future operating results depend to a large extent on our ability to successfully manage our anticipated expansion and growth. To manage our growth successfully, we will need to continue to invest in sales and marketing, research and development, and general and administrative functions and other areas. We are likely to recognize the costs associated with these investments earlier than receiving some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely impact our operating results.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new solutions or upgrades to our existing solutions, satisfy customer requirements, maintain the quality and security of our solutions or execute on our business plan, any of which could harm our business, operating results and financial condition.

***We may not be able to continue to develop solutions to address user needs effectively in an industry characterized by ongoing change and rapid technological advances.***

To be successful, we must adapt to rapidly changing technological and application needs by continually improving our products, as well as introducing new products and services, to address user demands.

Our industry is characterized by:

- evolving industry standards;
- frequent new product and service introductions;



- increasing demand for customized product and software solutions;
- rapid competitive developments;
- changing customer demands; and
- evolving distribution channels.

Future success will depend on our ability to effectively and economically adapt in this evolving environment. We could incur substantial costs if we must modify our business to adapt to these changes, and may even be unable to adapt to these changes.

***The markets for our devices and related accessories may not develop as quickly as we expect, or may not develop at all. Our dependence on our cellular carrier channel partners and their success in promoting Push to Talk over Cellular to their client base is key for the success of the business.***

Our future success is substantially dependent upon continued adoption of devices and related accessories in the industrial enterprise and public sector markets, including the transition from LMR to Push to Talk over Cellular and LTE networks. These market developments and transitions may take longer than we expect or may not occur at all, and may not be as widespread as we expect. If the market does not develop as we expect, our business, operating results and financial condition would be significantly harmed.

12

***Our future success is dependent on our ability to create independent brand awareness for our company and products with end customers, and our inability to achieve such brand awareness could limit our prospects.***

We depend on wireless carriers to promote and distribute our products. While we intend to ramp up direct marketing and end-customer brand awareness initiatives in the future, our sales and marketing efforts have historically been predominantly focused on channel partners. To increase end-customer brand awareness, we intend to develop sales tools for key verticals within our target markets, increase usage of social media and expand product training efforts, among other things. As a result, we expect our sales and marketing expenses to increase in the future, primarily from increased sales personnel expenses, which will require us to cost-efficiently ramp up our sales and marketing capabilities and effectively target end customers. However, there can be no assurance that we will successfully increase our brand awareness or do so in a cost-efficient manner while maintaining market share within our existing sales channels. Our failure to establish stand-alone brand awareness with end customers of our products will leave us vulnerable to the marketing and selling success of others, including our channel partners, and these developments could have an adverse impact on our prospects. If we are unable to significantly increase the awareness of our brand and solutions with end customers in a cost-efficient manner, we will remain significantly dependent on our channel partners for sales of our products, and our business, financial condition and results of operations could be adversely impacted.

***We are dependent on the continued services and performance of a concentrated group of senior management and other key personnel, the loss of any of whom could adversely impact our business.***

Our future success depends in large part on the continued contributions of a concentrated group of senior management and other key personnel. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our solutions and our strategic direction. We also depend on the contributions of key technical personnel. Our senior management and key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. The loss of any of our key personnel could significantly delay or prevent the achievement of our development and strategic objectives and harm our business.

***We compete in a rapidly evolving market, and the failure to respond quickly and effectively to changing market requirements could cause our business and operating results to decline.***

The mobile device market is characterized by rapidly changing technology, changing customer needs, evolving industry standards and frequent introductions of new products and services. In order to deliver a competitive mobile device, our solutions must be capable of operating in an increasingly complex network environment. As new wireless phones are introduced and standards in the mobile device market evolve, we may be required to modify our phones and services to make them compatible with these new products and standards. Likewise, if our competitors introduce new devices and services that compete with ours, we may be required to reposition our solutions or introduce new phones and solutions in response to such competitive pressure. We may not be successful in modifying our current devices or introducing new ones in a timely or appropriately responsive manner, or at all. If we fail to address these changes successfully, our business and operating results could be significantly harmed.

***If we are unable to sell our solutions into new markets, our revenues may not grow.***

Any new market into which we attempt to sell our solutions may not be receptive. Our ability to penetrate new markets depends on the quality of our solutions, the continued adoption of our public safety solution by first responders, the perceived value of our solutions as a risk management tool and our ability to design our solutions to meet the demands of our customers. If the markets for our solutions do not develop as we expect, our revenues may not grow.

13

Our ability to successfully face these challenges depends on several factors, including increasing the awareness of our solutions and their benefits, the effectiveness of our marketing programs, the costs of our solutions, our ability to attract, retain and effectively train sales and marketing personnel, and our ability to develop relationships with wireless carriers and other partners. If we are unsuccessful in developing and marketing our solutions into new markets, new markets for our solutions might not develop or might develop more slowly than we expect, either of which would harm our revenues and growth prospects.

***If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely impacted.***

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. If we are unable to attract, integrate and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements on a timely basis or at all, our business will be adversely impacted.

Volatility or lack of positive performance in our stock price may also affect our ability to attract and retain our key employees. Many of our senior management personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the market price of our Common Shares. If we are unable to appropriately incentivize and retain our employees through equity compensation, or if we need to increase our compensation

expenses in order to appropriately incentivize and retain our employees, our business, operating results and financial condition would be adversely impacted.

***A security breach or other significant disruption of our IT systems or those of our partners, suppliers or manufacturers, caused by cyberattacks or other means, could have a negative impact on our operations, sales, and operating results.***

All IT systems are potentially vulnerable to damage, unauthorized access or interruption from a variety of sources, including but not limited to, cyberattacks, cyber intrusions, computer viruses, security breaches, energy blackouts, natural disasters, terrorism, sabotage, war, insider trading and telecommunication failures. A cyberattack or other significant disruption involving our IT systems or those of our outsource partners, suppliers or manufacturers could result in the unauthorized release of proprietary, confidential or sensitive information of ours or result in virus and malware installation on our devices. Such unauthorized access to, or release of, this information or other security breaches could: (i) allow others to unfairly compete with us, (ii) compromise safety or security, (iii) subject us to claims for breach of contract, tort, and other civil claims, and (iv) damage our reputation. Any or all of the foregoing could have a negative impact on our business, financial condition and results of operations.

14

***We experience lengthy sales cycles for our products and the delay of an expected large order could result in a significant unexpected revenue shortfall.***

The purchase of our products is often an enterprise-wide decision for prospective customers, which requires us to engage in sales efforts over an extended period of time and provide a significant level of education to prospective customers regarding the uses and benefits of such devices. Prospective customers, especially the wireless carriers that sell our products, often undertake a prolonged evaluation process that may take from several months to several years in certain cases. Consequently, if our forecasted sales from a specific customer are not realized, we may not be able to generate revenues from alternative sources in time to compensate for the shortfall. The loss or delay of an expected large order could also result in a significant unexpected revenue shortfall. Moreover, to the extent we enter into and deliver our products pursuant to significant contracts earlier than we expected, our operating results for subsequent periods may fall below expectations. We may spend substantial time, effort and money on our sales and marketing efforts without any assurance that our efforts will produce any sales. If we are unable to succeed in closing sales with new and existing customers, our business, operating results and financial condition will be harmed.

***We have a limited history of contracting with third party manufacturers in Asia for the high-volume commercial production of our devices, and we may face manufacturing capacity constraints.***

We have limited history and experience in contracting with third party manufacturers in Asia for the high-volume commercial production of our devices. Because of this limited production history, we face challenges in predicting our business and evaluating its prospects, which may result in breakdowns of our ability to timely supply our devices to our customers. Moreover, we face manufacturing capacity constraints that present further risks to our business. If overall demand of our devices increases in the future, we will need to expand our third party manufacturing capacity in a cost-efficient manner. Failing to meet customer demand due to our failure to successfully address these risks and challenges could adversely impact our reputation and future sales, which would significantly harm our business, results of operations and financial condition.

***We face risks related to novel Coronavirus (COVID-19) which could significantly disrupt our research and development, operations, sales, supply chain and financial results.***

Our business will be adversely impacted by the effects of the Novel Coronavirus (COVID-19). In addition to global macroeconomic effects, the novel Coronavirus (COVID-19) outbreak and any other related adverse public health developments will cause disruption to our operations, research and development, and sales activities. Our third-party manufacturers, third-party distributors, and our customers have been and will be disrupted by worker absenteeism, quarantines and restrictions on employees' ability to work, office and factory closures, disruptions to

ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the magnitude of such effects on our activities or the operations of our third-party manufacturers and third-party distributors, the supply of our products will be delayed, which could adversely affect our business, operations and customer relationships. In addition, the novel Coronavirus (COVID-19) or other disease outbreak will in the short-run, and may over the longer term, adversely affect the economies and financial markets of many countries, resulting in an economic downturn that will affect demand for our products and impact our operating results. There can be no assurance that any decrease in sales resulting from the novel Coronavirus (COVID-19) will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the novel Coronavirus (COVID-19) outbreak on our business and operations remains uncertain, the continued spread of the novel Coronavirus (COVID-19) or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions will adversely impact our business, financial condition, operating results and cash flows. In addition, we have experienced and will experience disruptions to our business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products in a timely manner or meet required milestones or customer commitments.

Our business has not experienced any material impact from supply chain disruptions brought about by the novel Coronavirus (COVID-19) pandemic, however there is no certainty that this will continue into the future. Management is carefully monitoring the situation and is working with its partners, suppliers and manufacturers to ensure minimal impact on its business.

***Our financial condition and results of operations as well as those of potential customers could be adversely affected by the Russian invasion of Ukraine, which has caused a material adverse effect on the level of economic activity around the world, including in the markets we serve.***

In February 2022, the Russian Federation invaded Ukraine. As a result of the invasion, various nations, including the United States, have instituted economic sanctions against the Russian Federation and Belarus and certain of their citizens. While we currently have no customers or suppliers located in Belarus, the Russian Federation or Ukraine, nor have we experienced any supply disruptions directly related to the Russian invasion of Ukraine as we do not knowingly source any materials originating from Belarus, the Russian Federation or Ukraine, as the war in Ukraine continues or possibly escalates, this may lead to further disruption, instability and volatility in global markets and industries that could negatively impact our customers, operations and our supply chain. The impact of the conflict and related sanctions on the world economy are subject to rapid change and are difficult to predict. The war has created disruptions in the supply chain for certain of our products which, to date, has not had a substantive impact on our operations. None of our critical raw materials are sourced from, and none of our finished products are manufactured in, the sanctioned regions. We have no operations or other projects in that region.

We are monitoring any broader economic impact from Russia's invasion of Ukraine and the ongoing war between the two nations, including heightened risk of cyberattacks, increased prices of fuel and other commodities, and potential impacts to our partners' supply chains. Our financial condition, results of operations, and cash flows may be materially adversely affected, but the specific impact on our financial condition, results of operations, and cash flows is currently difficult to determine.

***We rely on industry data and projections which may prove to be inaccurate.***

We obtained statistical data, market data and other industry data and forecasts used in this prospectus from market research, publicly available information and industry publications. These industry data, including the vehicle communications industry, include projections that are based on a number of assumptions which have been derived from industry and government sources which we believe to be reasonable. The vehicle communications industry may not grow at the rate projected by industry data, or at all. The failure of the industry to grow as anticipated is likely to have a material adverse effect on our business and the market price of our Common Shares. In addition, the rapidly changing nature of the vehicle communications industry subjects any projections or estimates relating to the growth prospects or future condition of our industries to significant uncertainties. Furthermore, if any one or more of the

assumptions underlying the industry data turns out to be incorrect, actual results may, and are likely to, differ from the projections based on these assumptions. While we believe that the statistical data, industry data and forecasts and market research are reliable, we have not independently verified the data.

### **Risks Related to our Reliance on Third Parties**

*As we work with multiple vendors for our components, if we fail to adequately forecast demand for our inventory and supply needs, we could incur additional costs or experience manufacturing delays, which could reduce our gross margin or cause us to delay or even lose sales.*

Because our production volumes are based on a forecast of channel partner demand rather than purchase commitments from our major customers, there is a risk that our forecasts could be inaccurate and that we will be unable to sell our products at the volumes and prices we expect, which may result in excess inventory. We provide, and will continue to provide, forecasts of our demand to our third-party suppliers prior to the scheduled delivery of products to our channel partners. If we overestimate our requirements, our contract manufacturers may have excess component inventory, which could increase our costs. If we underestimate our requirements, our contract manufacturers may have inadequate component inventory, which could interrupt the manufacturing of our products and result in delays in shipments and revenues or even lost sales, or could incur unplanned overtime costs to meet our requirements, resulting in significant cost increases. For example, certain materials and components used to manufacture our products may reach end of life during any of our product's life cycles, following which suppliers no longer provide such expired materials and components. This would require us to either source and qualify an alternative component, which could require a re-certification of the device by the wireless carriers and/or regulatory agencies, or forecast product demand for a final purchase of such materials and components that may reach end of life to ensure that we have sufficient product inventory through a product's life cycle. If we overestimate forecasted demand, we would hold excess end-of-life materials and components resulting in increased costs. If we underestimate forecasted demand, we could experience delays in shipments and loss of revenues.

In addition, if we underestimate our requirements and the applicable supplier becomes insolvent or is no longer able to timely supply our needs in a cost-efficient manner or at all, we may be required to acquire components, which may need to be customized for our products, from alternative suppliers, including at significantly higher costs. If we cannot source alternative suppliers and/or alternative components, we may suffer delays in shipments or lost sales. Similarly, credit constraints at our suppliers could require us to accelerate payment of our accounts payable, impacting our cash flow. Further, lead times for materials and components that we order vary significantly and depend on factors such as the specific supplier, contract terms, customization needed for any particular component and demand for each component at a given time. Any such failure to accurately forecast demand and manufacturing and supply requirements, and any need to obtain alternative supply sources, could materially harm our business, results of operations and financial condition.

*Our dependence on third-party suppliers for key components of our products could delay shipment of our products and reduce our sales.*

We depend on certain suppliers for the delivery of components used in the assembly of our products. Our reliance on third-party suppliers creates risks related to our potential inability to obtain an adequate supply of components and reduced control over pricing and timing of delivery of components. In particular, we have little to no control over the prices at which our suppliers sell materials and components to us. Certain supplies of our components are available only from a single source or limited sources and we may not be able to diversify sources in a timely manner. We have experienced shortages in the past that have negatively impacted our results of operations and may experience such shortages in the future.

We also do not have long-term supply agreements with any of our suppliers. Our current contracts with certain suppliers may be cancelled or not extended by such suppliers and, therefore, do not afford us with sufficient protection against a reduction or interruption in supplies. Moreover, in the event any of these suppliers breach their

contracts with us, our legal remedies associated with such a breach may be insufficient to compensate us for any damages we may suffer.

Any interruption of supply for any material components of our products, or inability to obtain required components from our third-party suppliers, could significantly delay the production and shipment of our products and harm our revenues, profitability and financial condition.

17

***Because we rely on a small number of channel partners/customers for a large portion of our revenue, the loss of any of these customers would have a material adverse effect on our operating results and cash flows.***

For our three month period ended March 31, 2023, we derived 50% of our revenue from five customers/channel partners. Any termination of a business relationship with, or a significant sustained reduction in business from, one or more of these channel partners/customers could have a material adverse effect on our operating results and cash flows.

***If dedicated public safety LTE networks are not deployed at the rate we anticipate or at all, demand for our solutions may not grow as expected.***

A key part of our strategy is to further expand the use of our solutions over dedicated LTE networks in the public safety market. If the deployment of dedicated LTE networks is delayed or such networks are not adopted at the rate we anticipate, demand for our solutions may not develop as we anticipate, which would have a negative effect on our revenues.

***The application development ecosystem supporting our devices and related accessories is new and evolving.***

The application development ecosystem supporting our devices and related accessories is new and evolving. Specifically, the number of application developers in the ecosystem supporting our devices and accessories is small. If the market or the application development ecosystem does not develop, timely or at all, demand for our products may be limited, and our business and results of operations will be significantly harmed.

***Failure of our suppliers, subcontractors, distributors, resellers, and representatives to use acceptable legal or ethical business practices, or to fail for any other reason, could negatively impact our business.***

We do not control the labor and other business practices of our suppliers, subcontractors, distributors, resellers and third-party sales representatives, or TPSRs, and cannot provide assurance that they will operate in compliance with applicable rules, and regulations regarding working conditions, employment practices, environmental compliance, anti-corruption, and trademark a copyright and patent licensing. If one of our suppliers, subcontractors, distributors, resellers, or TPSRs violates labor or other laws or implements labor or other business practices that are regarded as unethical, the shipment of finished products to us could be interrupted, orders could be cancelled, relationships could be terminated, and our reputation could be damaged. If one of our suppliers or subcontractors fails to procure the necessary license rights to trademarks, copyrights or patents, legal action could be taken against us that could impact the saleability of our products and expose us to financial obligations to a third party. Any of these events could have a negative impact on our sales and results of operations.

Moreover, any failure of our suppliers, subcontractors, distributors, resellers and TPSRs, for any reason, including bankruptcy or other business disruption, could disrupt our supply or distribution efforts and could have a negative impact on our sales and results of operations.

***Our products are subject to risks associated with sourcing and manufacturing.***

We do not own or operate any of the manufacturing facilities for our products and rely on a concentrated number of independent suppliers to manufacture all of the products we sell. For our business to be successful, our

suppliers must provide us with quality products in substantial quantities, in compliance with regulatory requirements, at acceptable costs and on a timely basis. Our ability to obtain a sufficient selection or volume of merchandise on a timely basis at competitive prices could suffer as a result of any deterioration or change in our supplier relationships or events that adversely affect our suppliers.

18

There can be no assurance we will be able to detect, prevent or fix all defects that may affect our products manufactured by our suppliers. Failure to detect, prevent or fix defects, or the occurrence of real or perceived quality or safety problems or material defects in our current and future products, could result in a variety of consequences, including a greater number of product returns than expected from customers and our wholesale partners, litigation, product recalls and credit, warranty or other claims, among others, which could harm our brand, results of operations and financial condition. Such problems could hurt our brand image, which is critical to maintaining and expanding our business. Any negative publicity or lawsuits filed against us related to the perceived quality and safety of our products could harm our brand and decrease demand for our products.

If one or more of our significant suppliers were to sever their relationship with us or significantly alter the terms of our relationship, including due to changes in applicable trade policies, we may not be able to obtain replacement products in a timely manner, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, if any of our primary suppliers fail to make timely shipments, do not meet our quality standards or otherwise fail to deliver us product in accordance with our plans, there could be a material adverse effect on our results of operations.

Our contractors and suppliers buy raw materials and are subject to wage rates that are oftentimes regulated by the governments of the countries in which our products are manufactured. The raw materials used to manufacture our products are subject to availability constraints and price volatility. There could be a significant disruption in the supply of raw materials from current sources or, in the event of a disruption, our suppliers might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price or at all. Our business is dependent upon the ability of our unaffiliated suppliers to locate, train, employ and retain adequate personnel. Our unaffiliated suppliers have experienced, and may continue to experience in the future, unexpected increases in work wages, whether government-mandated or otherwise. Our suppliers may increase their pricing if their raw materials became more expensive. Our suppliers may pass the increase in sourcing costs to us through price increases, thereby impacting our margins. Material changes in the pricing practices of our suppliers could negatively impact our profitability.

In addition, we cannot be certain that our unaffiliated suppliers will be able to fill our orders in a timely manner. If we experience significant increases in demand, or reductions in the availability of materials, or need to replace an existing supplier, there can be no assurance additional supplies of raw materials or additional manufacturing capacity will be available when required on terms acceptable to us, or at all, or that any supplier would allocate sufficient capacity to us in order to meet our requirements. In addition, even if we are able to expand existing or find new manufacturing or sources of materials, we may encounter delays in production and added costs as a result of the time it takes to train suppliers in our methods, products, quality control standards and labor, health and safety standards. Any delays, interruption or increased costs in labor or wages, or the supply of materials or manufacture of our products, could have an adverse effect on our ability to meet wholesale partner and customer and consumer demand for our products and result in lower revenue and net income both in the short and long term.

Events that adversely impact our suppliers could impair our ability to obtain adequate and timely supplies. Such events include, among others, difficulties or problems associated with our suppliers' business, the financial instability and labor problems of suppliers, merchandise quality and safety issues, natural or man-made disasters, inclement weather conditions, war, acts of terrorism and other political instability, economic conditions, transportation delays and shipment issues. Our suppliers may be forced to reduce their production, shut down their operations or file for bankruptcy. Our suppliers may consolidate, increasing their market power. The occurrence of one or more of these

events could impact our ability to get products to our customers and/or wholesale partners, result in disruptions to our operations, increase our costs and decrease our profitability.

19

Global sourcing and foreign trade involve numerous factors and uncertainties beyond our control, including:

- increased shipping costs;
- the imposition of additional import or trade restrictions;
- legal or economic restrictions on overseas suppliers' ability to produce and deliver products;
- increased custom duties and tariffs;
- unforeseen delays in customs clearance of goods;
- more restrictive quotas;
- loss of a most favored nation trading status;
- currency exchange rates;
- transportation delays;
- port of entry issues; and
- foreign government regulations, political instability and economic uncertainties in the countries from which we or our suppliers source our products.

Our sourcing operations may also be hurt by health concerns regarding the outbreak of viruses, widespread illness, infectious diseases, contagions and the occurrence of unforeseen epidemics (including the outbreak of the novel Coronavirus (Covid-19) and its potential impact on our financial results) in countries in which our merchandise is produced. Moreover, negative press or reports about internationally manufactured products may sway public opinion, and thus customer confidence, away from our products. Furthermore, changes in U.S. trade policies, including new restrictions, tariffs or other changes could lead to additional costs, delays in shipments, embargos and other uncertainties that could negatively impact our relationships with our international suppliers and materially adversely affect our business. These and other issues affecting our international suppliers or internationally manufactured merchandise could have a material adverse effect on our business, results of operations and financial condition.

In addition, some of our suppliers may not have the capacity to supply us with sufficient merchandise to keep pace with our growth plans, especially if we need significantly greater amounts of inventory. In such cases, our ability to pursue our growth strategy will depend in part upon our ability to develop new supplier relationships.

***The nature of our business may result in undesirable press coverage or other negative publicity, which would adversely impact our brand identity, future sales and results of operations.***

Our solutions are used to assist law enforcement and other public safety personnel in situations involving public safety. The incidents in which our solutions are deployed may involve injury, loss of life and other negative outcomes, and such events are likely to receive negative publicity. Such negative publicity could have an adverse impact on new sales or renewals or expansions of coverage areas by existing customers, which would adversely impact our financial results and business.

20



***Changes in the availability of federal funding to support local public safety or other public sector efforts could impact our opportunities with public sector end customers.***

Many of our public sector end customers rely to some extent on funds from the U.S. federal government in order to purchase and pay for our solutions. Any reduction in federal funding for local public safety or other public sector efforts could result in our end customers having less access to funds required to continue, renew, expand or pay for our solutions. For example, changes in policies with respect to “sanctuary cities” may result in a reduction in federal funds available to our current or potential end customers. Additionally, any future U.S. government shutdowns could result in delayed public safety spending or re-allocation of funding into other areas of public safety. If federal funding is reduced or eliminated and our end customers cannot find alternative sources of funding to purchase our solutions, our business will be harmed.

***Economic uncertainties or downturns, or political changes, could limit the availability of funds available to our customers and potential customers, which could significantly adversely impact our business.***

Current or future economic uncertainties or downturns could adversely impact our business and operating results. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, inflation, changes in general interest rates, decisions of central banks, financial and credit market fluctuations, political deadlock, natural catastrophes, warfare and terrorist attacks in North America, Europe, the Asia Pacific region or elsewhere, could cause a decrease in funds available to our customers and potential customers and negatively affect the growth rate of our business.

These economic conditions may make it extremely difficult for our customers and us to forecast and plan future budgetary decisions or business activities accurately, and they could cause our customers to re-evaluate their decisions to purchase our solutions, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times or as a result of political changes, our customers may tighten their budgets and face constraints in gaining timely access to sufficient funding or other credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely impact our financial results.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry, or the impact of political changes. If the economic conditions of the general economy or industries in which we operate worsen from present levels, or if recent political changes result in less funding being available to purchase our solutions, our business, operating results and financial condition could be adversely impacted.

***Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our operating results and financial condition.***

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business and operating results, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a significant adverse impact on our business, operating results and financial condition. In addition, the facilities of significant vendors may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or significant adverse impact on our business.

***We are exposed to risks associated with strategic acquisitions and investments.***

We may consider strategic acquisitions of companies with complementary technologies or intellectual property in the future. Acquisitions hold special challenges in terms of successful integration of technologies, products, services and employees. We may not realize the anticipated benefits of these acquisitions or the benefits of any other acquisitions we have completed or may complete in the future, and we may not be able to incorporate any acquired services, products or technologies with our existing operations, or integrate personnel from the acquired businesses, in which case our business could be harmed.

Acquisitions and other strategic decisions involve numerous risks, including:

- problems integrating and divesting the operations, technologies, personnel, services or products over geographically disparate locations;
- unanticipated costs, taxes, litigation and other contingent liabilities;
- continued liability for discontinued businesses and pre-closing activities of divested businesses or certain post-closing liabilities which we may agree to assume as part of the transaction in which a particular business is divested;
- adverse impacts on existing business relationships with suppliers and customers;
- cannibalization of revenues as customers may seek multi-product discounts;
- risks associated with entering into markets in which we have no, or limited, prior experience;
- incurrence of significant restructuring charges if acquired products or technologies are unsuccessful;
- significant diversion of management's attention from our core business and diversion of key employees' time and resources;
- licensing, indemnity or other conflicts between existing businesses and acquired businesses;
- inability to retain key customers, distributors, suppliers, vendors and other business relations of the acquired business; and
- potential loss of our key employees or the key employees of an acquired organization or as a result of discontinued businesses.

Financing for future acquisitions may not be available on favorable terms, or at all. If we identify an appropriate acquisition candidate for any of our businesses, we may not be able to negotiate the terms of the acquisition successfully, finance the acquisition or integrate the acquired business, products, service offerings, technologies or employees into our existing business and operations. Future acquisitions and divestitures may not be well-received by the investment community, which may cause the value of our stock to fall. We cannot ensure that we will be able to identify or complete any acquisition, divestiture or discontinued business in the future. Further, the terms of our indebtedness constrain our ability to make and finance additional acquisitions or divestitures.

If we acquire businesses, new products, service offerings or technologies in the future, we may incur significant acquisition-related costs. In addition, we may be required to amortize significant amounts of finite-lived intangible assets and we may record significant amounts of goodwill or indefinite-lived intangible assets that would be subject to testing for impairment. We have in the past and may in the future be required to write off all or part of

the intangible assets or goodwill associated with these investments that could harm our operating results. If we consummate one or more significant future acquisitions in which the consideration consists of stock or other securities, our existing stockholders' ownership could be significantly diluted. If we were to proceed with one or more significant future acquisitions in which the consideration included cash, we could be required to use a substantial portion of our cash and investments. Acquisitions could also cause operating margins to fall depending on the businesses acquired.

Our strategic investments may involve joint development, joint marketing, or entry into new business ventures, or new technology licensing. Any joint development efforts may not result in the successful introduction of any new products or services by us or a third party, and any joint marketing efforts may not result in increased demand for our products or services. Further, any current or future strategic acquisitions and investments by us may not allow us to enter and compete effectively in new markets or enhance our business in our existing markets and we may have to impair the carrying amount of our investments.

***We could be adversely impacted by changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters.***

International Financial Reporting Standards and related accounting pronouncements, implementation guidelines, and interpretations with regard to a wide range of matters that are relevant to our businesses, including, but not limited to, revenue recognition, asset impairment, inventories, customer rebates and other customer consideration, tax matters, and litigation and other contingent liabilities are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported or expected financial performance or financial condition. New accounting guidance may also require systems and other changes that could increase our operating costs and/or change our financial statements. For example, implementing future accounting guidance related to revenue, accounting for leases and other areas could require us to make significant changes to our accounting systems, impact existing debt agreements and result in adverse changes to our financial statements.

#### **Risks Related to Government Regulation**

***The impact of potential changes in customs, tariffs, and trade policies in the United States and the potential corresponding actions by other countries, including recent trade initiatives announced by the U.S. presidential administration against China, in which we do business could adversely impact our financial performance.***

The U.S. government has made proposals that are intended to address trade imbalances, which include encouraging increased production in the United States. These proposals could result in increased customs duties and tariffs, and the renegotiation of some U.S. trade agreements. We import a significant percentage of our products into the United States, and an increase in customs duties and tariffs with respect to these imports could negatively impact our financial performance. If such customs duties and tariffs are implemented, it also may cause U.S. trading partners to take actions with respect to U.S. imports or U.S. investment activities in their respective countries. Any potential changes in trade policies in the United States and the potential corresponding actions by other countries in which we do business could adversely impact our financial performance. Given the level of uncertainty over which provisions will be enacted, we cannot predict with certainty the impact of the proposals.

For example, in 2018, the U.S. presidential administration and Chinese government imposed significant tariffs on exports between the two countries. This evolving policy dispute between China and the United States is likely to have significant impact on the industries in which we participate, directly and indirectly, and no assurance can be given that any individual customer or significant groups of companies or a particular industry, will not be adversely impacted by any governmental actions taken by either China or the United States. In addition, we manufacture our mobile phones at our facility in Shenzhen, China, which could result in significant additional costs to us when shipping our products to various customers in the United States. It is not possible to predict with any certainty the outcome of the trade dispute between the United States and China, and prolonged or increased tariffs on

imports from China to the United States would adversely impact our business, results of operations and financial condition.

In 2020, a Phase One trade agreement was signed imposing specific targets for Chinese purchases of various exports from the United States. These ambitious commitments specified numerical targets in U.S. goods and services exports to China for increases of \$77 billion in 2020 and \$123 billion in 2021 from the 2017 baseline. The Phase One agreement also imposed numerous tariffs on a variety of goods including but not limited to imports from China along with steel and aluminum imports from across the world, creating an upward pressure on prices in the United States. These tariffs currently impact over \$350 billion of imports and exports and increase consumer costs by roughly \$51 billion annually based on 2021 import levels. The uncertainty of the Phase One deal, unilaterally imposed in 2020 and substantially still in effect today, lie in their conditions. For instance, Section 301 enables the president to impose tariffs or quotas wherever the United States Trade Representative (USTR) finds that other nations are engaging in unfair trade practices and Section 232 allows the president to impose trade barriers if the Department of Commerce finds that imports threaten U.S. national security. The Company will be unable to pre-empt decisions of this nature, and as such, the risks and consequences which accompany them.

In 2021, the U.S. presidential administration signed Executive Order 14017 into order, assessing vulnerabilities in four priority product areas: semiconductors, large capacity batteries, critical minerals and materials, and pharmaceuticals and active pharmaceutical ingredients. Executive Order 14017 established an interagency Supply Chain Trade Task Force led by USTR. This task force was directed to identify foreign trade practices that the U.S. deemed unfair or otherwise determined to cause erosion to U.S. critical supply chains. The impact and decisions of this task force may cause consequential action from other trading partners, potentially impacting the Company's financial performance.

Later in 2021 and into 2022, the U.S. Administration replaced the Section 232 tariffs on steel and aluminum imports from the EU with a tariff rate quota system (TRQ), replaced the Section 232 tariffs on steel imports from Japan with a TRQ (the Section 232 aluminum imports from Japan are still in effect) and, as of March 2022, replaced the Section 232 tariffs on steel and aluminum imports from the UK with a TRQ. To date, the US Administration has kept in place all of the Section 301 tariffs on Chinese imports, which might influence importers to shift away from China and reorganize supply chains or otherwise cause decreased trade altogether – both imports and exports – raising prices and reducing options for consumers and businesses in the U.S. While a number of exclusions and extensions to these tariffs exist and evolve within the current administration, retaliatory actions by other nations remain a possibility.

In 2022, five nations had levied retaliatory tariffs up to 70 percent on approximately \$73.2 billion of U.S. exports. These tariffs do not include retaliation by Canada and Mexico; following the reversal of U.S. steel and aluminum tariffs, both Canada and Mexico withdrew their retaliatory tariffs of 7 percent to 25 percent on approximately \$20 billion of U.S. exports. These tariffs also no longer include retaliation by the EU, as it cancelled its retaliatory tariffs in exchange for the United States replacing the aluminum and steel tariffs with a TRQ for EU imports.

The invasion of Ukraine by Russia has resulted increased sanctions on trade with Russia which could reverberate to other countries, other economies and other markets. On February 24, 2023, the United States, in coordination with allies and G7 partners, announced a new set of sanctions, export controls and tariffs targeting key, revenue-generating sectors of the Russian economy and restricting trade with over 200 persons, including both Russian and third-country actors across Europe, Asia and the Middle East. These new measures, taken by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, US Department of Commerce's Bureau of Industry and Security, or BIS, Office of the US Trade Representative, or USTR and U.S. Department of State, mark the one-year anniversary of Russia's war against Ukraine. These measures include the following:

- OFAC: (i) announced a new determination targeting the metals and mining sector of the Russian Federation economy under Executive Order 14024; (ii) added 83 entities and 22 individuals to the Specially Designated Nationals and Blocked Persons List, including over 30 third-country individuals

and entities, resulting in the freezing of their assets within U.S. jurisdiction and prohibitions on transactions by U.S. persons or within the U.S. that involve such persons and their 50 percent or more owned entities; and (iii) made additions and revisions to several existing general licenses.

- BIS: (i) announced four new rules targeting Russia's defense-industrial base and military and third countries supporting Russia; (ii) expanded export controls under the Export Administration Regulations, including licensing requirements on several commercial and industrial items; and (iii) added 86 entities to the Entity List determined to have engaged in sanctions evasion and backfill activities in support of Russia's defense-industrial sector, prohibiting the targeted companies from purchasing items, such as semiconductors, whether made in the US or with certain US technology or software abroad.
- USTR announced additional tariff increases, primarily targeting metals, minerals and chemical products.

These sanctions, export controls and tariffs are part of the U.S.'s ongoing to impose economic costs on Russia in response to its actions in Ukraine.

***We are subject to anti-corruption, anti-bribery, anti-money laundering, economic sanctions, export control, and similar laws. Non-compliance with such laws can subject us to criminal or civil liability and harm our business, revenues, financial condition and results of operations.***

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. Section 201, the U.S. Travel Act, and other anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies and their employees and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. As we increase our international presence, we may engage with distributors and third-party intermediaries to market our solutions and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities.

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. In particular, the United States prohibits U.S. persons from engaging with individuals and entities identified as "Specially Designated Nationals," such as terrorists and narcotics traffickers. These prohibitions are administered by the U.S. Department of the Treasury's Office of Foreign Assets Control. OFAC rules prohibit U.S. persons from engaging in, or facilitating a foreign person's engagement in, transactions with or relating to the prohibited individual, entity or country, and require the blocking of assets in which the individual, entity or country has an interest. Blocked assets (e.g., property or bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. Other countries in which we operate, including Canada and the United Kingdom, also maintain economic and financial sanctions regimes.

Some of our solutions, including software updates and third-party accessories, may be subject to U.S. export control laws, including the Export Administration Regulations; however, the vast majority of our products are non-U.S.-origin items, developed and manufactured outside of the United States, and therefore not subject to these laws. For third-party accessories, we rely on manufactures to supply the appropriate export control classification numbers that determine our obligations under these laws.

We cannot assure you that our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international presence, our risks under these laws, rules, and regulations may increase. Further, any change in the applicability or enforcement of these laws, rules, and regulations could adversely impact our business operations and financial results.

Detecting, investigating and resolving actual or alleged violations can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery, anti-money laundering, or economic sanctions laws, rules, and regulations could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, revenues, financial condition, and results of operations would be significantly harmed. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and significant defense costs and other professional fees. Enforcement actions and sanctions could further harm our business, financial condition and results of operations.

***We are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws and regulations.***

Our operations and the products we manufacture and/or sell are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws and regulations. Compliance with such existing or future laws and regulations could subject us to future costs or liabilities, impact our production capabilities, constrict our ability to sell, expand or acquire facilities, restrict what solutions we can offer and generally impact our financial performance. Our products are designed for use in potentially explosive or hazardous environments. If our product design fails for any reason in such environments, we may be subject to product liabilities and future costs. In addition, some of these laws are environmental and relate to the use, disposal, remediation, emission and discharge of, and exposure to hazardous substances. These laws often impose liability and can require parties to fund remedial studies or actions regardless of fault. Environmental laws have tended to become more stringent over time and any new obligations under these laws could have a negative impact on our operations or financial performance.

Laws focused on the energy efficiency of electronic products and accessories, recycling of both electronic products and packaging, reducing or eliminating certain hazardous substances in electronic products, and the transportation of batteries continue to expand significantly. Laws pertaining to accessibility features of electronic products, standardization of connectors and power supplies, the transportation of lithium-ion batteries, and other aspects are also proliferating. There are also demanding and rapidly changing laws around the globe related to issues such as product safety, radio interference, radio frequency radiation exposure, medical related functionality, and consumer and social mandates pertaining to use of wireless or electronic equipment. These laws, and changes to these laws, could have a substantial impact on whether we can offer certain products, solutions, and services, and on what capabilities and characteristics our products or services can or must include.

These laws and regulations impact our products and could negatively impact our ability to manufacture and sell products competitively. In addition, we anticipate that we will see increased demand to meet voluntary criteria related to reduction or elimination of certain constituents from products, increasing energy efficiency and providing additional accessibility.

***Changes in laws and regulations concerning the use of telecommunication bandwidth could increase our costs and adversely impact our business.***

Our business depends on our ability to sell devices that use telecommunication bandwidth allocated to licensed and unlicensed wireless services, and that use of that bandwidth is subject to laws and regulations that are subject to change over time. Changes in the permitted uses of telecommunication bandwidth, reallocation of such bandwidth to different uses, and new or increased regulation of the capabilities, manufacture, importation, and use of devices that depend on such bandwidth could increase our costs, require costly modifications to our products before they are sold, or limit our ability to sell those products into our target markets. In addition, we are subject to regulatory requirements for certification and testing of our products before they can be marketed or sold. Those requirements

may be onerous and expensive. Changes to those requirements could result in significant additional costs and could adversely impact our ability to bring new products to market in a timely fashion.

***We are subject to a wide range of privacy and data security laws, regulations and other legal obligations.***

Personal privacy and information security are significant issues in the United States and the other jurisdictions in which we operate or make our products and applications available. The legislative and regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission, or FTC, and various state, local and foreign agencies. We may collect personally identifiable information, or PII, and other data from our customers. We use this information to provide services to our customers and to support, expand and improve our business. We may also share customers' PII with third parties as allowed by applicable law and agreements and authorized by the customer or as described in our privacy policy.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, transfer, use and storage of PII. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws as imposing standards for the online collection, use and dissemination of data. Many foreign countries and governmental bodies, including Canada, the European Union and other relevant jurisdictions, have laws and regulations concerning the collection and use of PII obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses and, in some jurisdictions, Internet Protocol, or IP, addresses. Within the European Union, legislators have adopted the General Data Protection Regulation, or GDPR, effective May 2018 which may impose additional obligations and risk upon our business, and which may increase substantially the penalties to which we could be subject in the event of any non-compliance. We may incur substantial expense in complying with the obligations imposed by the governments of the foreign jurisdictions in which we do business or seek to do business and we may be required to make significant changes in our business operations, all of which may adversely impact our revenues and our business overall.

Although we are working to comply with those federal, state, and foreign laws and regulations, industry standards, contractual obligations and other legal obligations that apply to us, those laws, regulations, standards and obligations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another, other requirements or legal obligations, our practices or the features of our products or applications. At state level, lawmakers continue to pass new laws concerning privacy and data security. Particularly notable in this regard is the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020. The CCPA will introduce significant new disclosure obligations and provide California consumers with significant new privacy rights. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, industry standards, contractual obligations or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of PII or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse impact on our reputation and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely impact our business.

We also expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the European Union and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual obligations and other obligations may require us to incur additional costs and restrict our business

operations. Such laws and regulations may require companies to implement privacy and security policies, permit users to access, correct and delete personal information stored or maintained by such companies, inform individuals of security breaches that affect their personal information, and, in some cases, obtain individuals' consent to use PII for certain purposes. In addition, a foreign government could require that any PII collected in a country not be disseminated outside of that country, and we are not currently equipped to comply with such a requirement.

### **Risks Related to Our Intellectual Property**

***If we are unable to successfully protect our intellectual property, our competitive position may be harmed.***

Our ability to compete is heavily affected by our ability to protect our intellectual property. We rely on a combination of patent licenses, confidentiality procedures and contractual provisions to protect our proprietary rights. We also enter, and plan to continue to enter, into confidentiality, invention assignment or license agreements with our employees, consultants and other parties with whom we contract, and control access to and distribution of our software, documentation and other proprietary information. The steps we take to protect our intellectual property may be inadequate, and it is possible that some or all of our confidentiality agreements will not be honored and certain contractual provisions may not be enforceable. Existing trade secret, trademark and copyright laws offer only limited protection. Unauthorized parties may attempt to copy aspects of our products or obtain and use information which we regard as proprietary. Policing unauthorized use of our products is difficult, time consuming and costly, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. We cannot assure you that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar technology, the effect of either of which would harm our competitive position in the market. Furthermore, disputes can arise with our strategic partners, customers or others concerning the ownership of intellectual property.

28

***Others may claim that we infringe on their intellectual property rights, which may result in costly and time-consuming litigation and could delay or otherwise impair the development and commercialization of our products.***

In recent years, there has been a significant increase in litigation in the United States involving patents and other intellectual property rights, and because our products are comprised of complex technology, we are often involved in or impacted by assertions, including both requests to take licenses and litigation, regarding infringement of patent and other intellectual property rights of third parties. Third parties have asserted, and in the future may assert, intellectual property infringement claims against us and against our channel partners, end customers and suppliers. For example, we had been approached by Wilson Electronics about potential infringement of several of their patents involving cellphone boosters. As a result, the Company entered into a product technology licensing agreement with Wilson Electronics that resolved their claim whereby Wilson is entitled to a 4.5% licensing fee on the revenues earned by the Company for every booster product sold. Many of these assertions are brought by non-practicing entities whose principal business model is to secure patent licensing revenues from product manufacturing companies. Claims for alleged infringement and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our intellectual property rights. Defending any such claims, with or without merit, including pursuant to indemnity obligations, could be time consuming, expensive, cause product shipment delays or require us to enter into a royalty or licensing agreement, any of which could delay the development and commercialization of our products or reduce our margins. If we are unable to obtain a required license, our ability to sell or use certain products may be impaired. In addition, if we fail to obtain a license, or if the terms of the license are burdensome to us, our operations could be significantly harmed.

***Our use of open source software could subject us to possible litigation or otherwise impair the development of our products.***

A portion of our technologies incorporates open source software, including open source operating systems such as Android, and we expect to continue to incorporate open source software into our platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and their application to the open



source software integrated into our proprietary technology platform may be uncertain. If we fail to comply with these licenses, then pursuant to the terms of these licenses, we may be subject to certain requirements, including requirements that we make available the source code for our software that incorporates the open source software. We cannot assure you that we have not incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable licenses or our current policies and procedures. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could incur significant legal expenses defending against such allegations. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our technology platform.

With respect to open source operating systems, if third parties cease continued development of such operating systems or restrict our access to such operating system, our business and financial results could be adversely impacted. We are dependent on third parties' continued development of operating systems, software application ecosystem infrastructures, and such third parties' approval of our implementations of their operating and system and associated applications. If such parties cease to continue development or support of such operating systems or restrict our access to such operating systems, we would be required to change our strategy for our devices. As a result, our financial results could be negatively impacted because a resulting shift away from the operating systems we currently use, and the associated applications ecosystem could be costly and difficult.

***Our inability to obtain and maintain any third-party license required to develop new products and product enhancements could seriously harm our business, financial condition and results of operations.***

From time to time, we are required to license technology from third parties to develop new products or product enhancements. Third-party licenses may not be available to us on commercially reasonable terms, or at all. If we fail to renew any intellectual property license agreements on commercially reasonable terms, or any such license agreements otherwise expire or terminate, we may not be able to use the patents and technologies of these third parties in our products, which are critical to our success. We cannot assure you that we will be able to effectively control the level of licensing and royalty fees paid to third parties, and significant increase in such fees could have a significant and adverse impact on our future profitability. Seeking alternative patents and technologies may be difficult and time-consuming, and we may not be successful in finding alternative technologies or incorporating them into our products. Our inability to obtain any third-party license necessary to develop new products or product enhancements could require us to obtain substitute technology of lower quality or performance standards, or at greater cost, which could seriously harm our business, financial condition and results of operations.

#### **Risks relating to our locations in Israel and Canada and our international operations**

***Conditions in Israel could materially and adversely affect our business.***

A number of our officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business and operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries, as well as terrorist acts committed within Israel by hostile elements. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. During the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. In December 2008 and January 2009 there was an escalation in violence among Israel, Hamas, the Palestinian Authority and other groups, as well as extensive hostilities along Israel's border with the Gaza Strip, which resulted in missiles being fired from the Gaza Strip into Southern Israel. During November 2012 and from July through August 2014, Israel was engaged in an armed conflict with a militia group and political party who controls the Gaza Strip, which resulted in missiles being fired from the Gaza Strip into Southern Israel, as well as at areas more centrally located near Tel Aviv and at areas surrounding Jerusalem. These conflicts involved missile strikes against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel. This pattern of activity

erupts from time to time with varying degrees of intensity and for varying periods of time and typically ends with a cease fire until hostilities flare up again.

Since February 2011, Egypt has experienced political turbulence and an increase in terrorist activity in the Sinai Peninsula. Such political turbulence and violence may damage peaceful and diplomatic relations between Israel and Egypt, and could affect the region as a whole. Similar civil unrest and political turbulence has occurred in other countries in the region, including Syria, which shares a common border with Israel, and is affecting the political stability of those countries. Since April 2011, internal conflict in Syria has escalated and chemical weapons have been used in the region. Foreign actors have intervened and may continue to intervene in Syria. This instability and any intervention may lead to deterioration of the political and economic relationships that exist between the State of Israel and some of these countries and may lead to additional conflicts in the region. In addition, Iran has threatened to attack Israel and may be developing nuclear weapons. Iran also has a strong influence among extremist groups in the region, including Hamas in Gaza, Hezbollah in Lebanon and various rebel militia groups in Syria. These situations have escalated at various points in recent years and may escalate in the future to more violent events, which may affect Israel and us. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

30

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

In addition, many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, prospects, financial condition and results of operations.

***It may be difficult to enforce a U.S. judgment against us, our officers and directors named in this annual report on Form 20-F in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors.***

Not all of our directors or officers are residents of the United States and most of their and our assets are located outside the United States. Service of process upon us or our non-U.S. resident directors and officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our non-U.S. officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Additionally, Israeli courts might not enforce judgments obtained in the United States against us or our non-U.S. our

directors and executive officers, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought. For more information, see “Enforceability of Civil Liabilities.”

***Because we are a corporation incorporated in British Columbia and some of our directors and officers are resident in Canada, it may be difficult for investors in the United States to enforce civil liabilities against us based solely upon the federal securities laws of the United States. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada.***

We are a corporation incorporated under the laws of British Columbia with our principal place of business in Montreal, Canada. Some of our directors and officers and the auditors or other experts named herein are residents of Canada and all or a substantial portion of our assets and those of such persons are located outside the United States. Consequently, it may be difficult for U.S. investors to effect service of process within the United States upon us or our directors or officers or such auditors who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities under the Securities Act. Investors should not assume that Canadian courts: (i) would enforce judgments of U.S. courts obtained in actions against us or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or blue-sky laws of any state within the United States or (ii) would enforce, in original actions, liabilities against us or such persons predicated upon the U.S. federal securities laws or any such state securities or blue-sky laws.

Similarly, some of our directors and officers are residents of countries other than Canada and all or a substantial portion of the assets of such persons are located outside Canada. As a result, it may be difficult for Canadian investors to initiate a lawsuit within Canada against these non-Canadian residents. In addition, it may not be possible for Canadian investors to collect from these non-Canadian residents’ judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for Canadian investors to succeed in a lawsuit in the United States, based solely on violations of Canadian securities laws.

***We have operations in China, which exposes us to risks inherent in doing business there.***

We use multiple third-party suppliers and manufacturers based primarily in China. With the rapid development of the Chinese economy, the cost of labor has increased and may continue to increase in the future. Furthermore, pursuant to Chinese labor laws, employers in China are subject to various requirements when signing labor contracts, paying remuneration, determining the term of employees’ probation and unilaterally terminating labor contracts. Our results of operations will be materially and adversely affected if the labor costs of our third-party suppliers and manufacturers increase significantly. In addition, we and our manufacturers and suppliers may not be able to find a sufficient number of qualified workers due to the intensely competitive and fluid market for skilled labor in China.

Operating in China exposes us to political, legal and economic risks. In particular, the political, legal and economic climate in China, both nationally and regionally, is fluid and unpredictable. Our ability to utilize parties that operate in China may be adversely affected by changes in U.S. and Chinese laws and regulations such as those related to, among other things, taxation, import and export tariffs, environmental regulations, land use rights, intellectual property, currency controls, network security, employee benefits, hygiene supervision and other matters. In addition, we may not obtain or retain the requisite legal permits to continue utilizing third-parties that operate in China, and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. In

addition, Chinese trade regulations are in a state of flux, and we may potentially become subject to other forms of taxation, tariffs and duties in China. Furthermore, the third parties we rely on in China may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of counterfeit versions of our products. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

***Operating outside of the United States presents specific risks to our business, and we have substantial operations outside of the United States.***

Most of our employee base and operations are located outside the United States, primarily in Canada and Israel. Most of our software development, third-party contract manufacturing, and product assembly operations are conducted outside the United States.

Risks associated with operations outside the United States include:

- effectively managing and overseeing operations that are distant and remote from corporate headquarters may be difficult and may impose increased operating costs;
- fluctuating foreign currency rates could restrict sales, increase costs of purchasing, and impact collection of receivables outside of the United States;
- volatility in foreign credit markets may affect the financial well-being of our customers and suppliers;
- violations of anti-corruption laws, including the Foreign Corrupt Practices Act and the U.K. Bribery Act could result in large fines and penalties;
- violations of privacy and data security laws could result in large fines and penalties; and

32

- tax disputes with foreign taxing authorities, and any resultant taxation in foreign jurisdictions associated with operations in such jurisdictions, including with respect to transfer pricing practices associated with such operations.

***Foreign currency fluctuations may reduce our competitiveness and sales in foreign markets.***

The relative change in currency values creates fluctuations in product pricing for international customers. These changes in foreign end-customer costs may result in lost orders and reduce the competitiveness of our products in certain foreign markets. These changes may also negatively impact the financial condition of some foreign customers and reduce or eliminate their future orders of our products. We also face adverse changes in, or uncertainty of, local business laws or practices, including the following:

- foreign governments may impose burdensome tariffs, quotas, taxes, trade barriers, or capital flow restrictions;
- restrictions on the export or import of technology may reduce or eliminate the ability to sell in or purchase from certain markets;
- political and economic instability, including deterioration of political relations between the United States and other countries, may reduce demand for our solutions or put our non-U.S. assets at risk;
- potentially limited intellectual property protection in certain countries may limit recourse against infringing on our solutions or cause us to refrain from selling in certain geographic territories;

- staffing may be difficult along with higher turnover at international operations;
- a government-controlled exchange rate and limitations on the convertibility of currencies, including the Chinese yuan;
- transportation delays and customs related delays that may affect production and distribution of our products; and
- integration and enforcement of laws vary significantly among jurisdictions and may change significantly over time.

Our failure to manage any of these risks successfully could harm our international operations and adversely impact our business, operating results and financial condition.

### **Risks Related to Ownership of Our Securities**

*We do not know whether an active, liquid and orderly trading market will develop for our Common Shares or Warrants or what the market price of our Common Shares or Warrants will be and as a result it may be difficult for you to sell your Common Shares.*

You may not be able to sell your shares or Warrants quickly or at the market price if trading in our Common Shares or Warrants is not active. The initial public offering price for our Common Shares and Warrants was determined through negotiations with the underwriters, and the negotiated price may not have been indicative of the market price of the Common Shares and Warrants after the offering. As a result of these and other factors, an investor may be unable to resell its Common Shares or Warrants at or above the initial public offering price. Further, an inactive market may also impair our ability to raise capital by selling our securities and may impair our ability to enter into strategic partnerships or acquire companies or products by using our Common Shares as consideration.

33

*We expect that our stock price will fluctuate significantly, and you may not be able to resell your shares at or above the price at which you purchased our Common Shares.*

The trading price of our Common Shares is likely to be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products and services by us or our competitors;
- sales, or anticipated sales, of large blocks of our stock;
- issuance of new or changed securities analysts' reports or recommendations;
- failure of industry or securities analysts to maintain coverage of our company, changes in financial estimates by any industry or securities analysts that follow our company, or our failure to meet such estimates;
- additions or departures of key personnel;
- regulatory or political developments;

- changes in accounting principles or methodologies;
- acquisitions by us or by our competitors;
- litigation and governmental investigations; and
- economic, political and geopolitical conditions or events.

These and other factors may cause the market price and demand for our Common Shares to fluctuate substantially, which may limit or prevent investors from readily selling their Common Shares and may otherwise negatively affect the liquidity of our Common Shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have often instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

***The market for our Common Shares may not provide investors with adequate liquidity.***

Liquidity of the market for our Common Shares depends on a number of factors, including our financial condition and operating results, the number of holders of our Common Shares, the market for similar securities and the interest of securities dealers in making a market in the securities. We cannot predict the extent to which investor interest in the Company will maintain a trading market in our Common Shares, or how liquid that market will be. If an active market is not maintained, investors may have difficulty selling Common Shares that they hold.

34

***Since we do not expect to pay any cash dividends for the foreseeable future, investors may be forced to sell their stock in order to obtain a return on their investment.***

We do not anticipate declaring or paying in the foreseeable future any cash dividends on our capital stock. Instead, we plan to retain any earnings to finance our operations and growth plans discussed elsewhere or incorporated by reference in this prospectus. Accordingly, investors must rely on sales of their Common Shares after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our Common Shares.

***Outstanding warrants and future sales of our Common Shares may further dilute the Common Shares and adversely impact the price of our Common Shares.***

As of March 31, 2023, we had 62,911,417 Common Shares issued and outstanding. Subsequent to the period ended March 31, 2023, an additional 101,450,000 common shares were issued and an additional 21,031,987 had been converted from cashless warrants into Common Shares. Total 13,100,084 Common Shares underlying outstanding warrants that have been registered with the SEC for resale are unrestricted and freely tradeable. We also have other outstanding unexercised agents' options to purchase 931,507 Common Shares as of August 9, 2023 that expire between June 30, 2024 and March 8, 2027. If the holder of our free trading shares wanted to sell these shares, there might not be enough purchasers to maintain the market price of our Common Shares on the date of such sales. Any such sales, or the fear of such sales, could substantially decrease the market price of our Common Shares and the value of your investment.

***If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our Common Shares could decline.***

We cannot predict whether future issuances of our Common Shares or the availability of shares for resale in the open market will decrease the market price per Common Share. We are not restricted from issuing additional Common Shares of, including any securities that are convertible into or exchangeable for, or that represent the right to receive Common Shares. Sales of a substantial number of our Common Shares in the public market or the perception

that such sales might occur could materially adversely affect the market price of our Common Shares. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our shareholders bear the risk of any future stock issuances reducing the market price of our Common Shares and diluting their stock holdings in us.

***If we are not able to comply with the applicable continued listing requirements or standards of Nasdaq, Nasdaq could delist our Common Shares***

In order to maintain the listing of our Common Shares and Warrants on the Nasdaq Capital Market, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with such applicable listing standards.

On August 26, 2022 we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq"), notifying us that we were not in compliance with the minimum bid price requirement set forth under Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"), resulting from the fact that the closing bid price of the Company's Common Shares was below \$1.00 per share for a period of 30 consecutive business days. Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), we were given a period of 180 calendar days, or until February 22, 2023 (the "Compliance Period"), to regain compliance with Nasdaq's minimum bid price requirement. We did not regain compliance by such date and submitted a written request to the Nasdaq to afford us an additional 180-day compliance period to cure the deficiency. On February 23, 2023, we received written notification from the Listing Qualifications Department of Nasdaq our request for a 180-day extension to regain compliance with Nasdaq's minimum bid price requirement until August 21, 2023. If at any time prior to August 21, 2023, the bid price of the Common Shares closes at \$1.00 per share or more for a minimum of 10 consecutive business days, we will regain compliance with the Bid Price Rule. On August 3, 2023 the Company effected a 100-to-1 reverse stock split which resulted in the stock trading above \$1.00. If the common shares continue to trade over \$1.00 for ten consecutive business days after the reverse split, the Company will be in compliance with NASDAQ minimum bid price requirement.

35

If we do not regain compliance with the Bid Price Rule during the additional 180-day extension, Nasdaq will notify us that our Common Shares will be delisted. At that time, we may appeal the delisting determination to a hearings panel pursuant to the procedures set forth in the applicable Nasdaq Listing Rules. However, there can be no assurance that, if we do appeal the delisting determination by Nasdaq to the hearings panel, that such appeal would be successful. We intend to actively monitor the closing bid price of our Common Shares and may, if appropriate, consider implementing available options to regain compliance with the Bid Price Rule under the Nasdaq Listing Rules.

Nasdaq's extension notice has no immediate effect on the listing or trading of the Common Shares, which will continue to trade on the Nasdaq Capital Market under the symbol "SYTA."

If the Common Shares are not listed on Nasdaq at any time after this offering, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity;
- a determination that the Common Shares are a "penny stock" which will require brokers trading in our shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for the Common Shares;
- a limited amount of news and analyst coverage for our Company; and

- a decreased ability to issue additional securities or obtain additional financing in the future.

Upon delisting from the Nasdaq Capital Market, our Common Shares would be traded over-the-counter inter-dealer quotation system, more commonly known as the OTC. OTC transactions involve risks in addition to those associated with transactions in securities traded on the securities exchanges, such as the Nasdaq Capital Market, or Exchange-listed Stocks. Many OTC stocks trade less frequently and in smaller volumes than Exchange-listed Stocks. Accordingly, our stock would be less liquid than it would be otherwise. Also, the values of OTC stocks are often more volatile than Exchange-listed Stocks. Additionally, institutional investors are usually prohibited from investing in OTC stocks, and it might be more challenging to raise capital when needed.

In addition, if our Common Shares are delisted, your ability to transfer or sell your Common Shares may be limited and the value of those securities will be materially adversely affected.

***If our Common Shares become subject to the penny stock rules, it may be more difficult to sell our Common Shares.***

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The OTC Bulletin Board does not meet such requirements and if the price of our Common Shares is less than \$5.00 and our Common Shares are no longer listed on a national securities exchange such as Nasdaq, our stock may be deemed a penny stock. The penny stock rules require a broker-dealer, at least two business days prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver to the customer a standardized risk disclosure document containing specified information and to obtain from the customer a signed and dated acknowledgment of receipt of that document. In addition, the penny stock rules require that prior to effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive: (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our Common Shares, and therefore shareholders may have difficulty selling their shares.

***Warrants are speculative in nature.***

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire the Common Shares and pay the Warrant exercise price per share, prior to five years from the date of issuance, after which date any unexercised Warrants will expire and have no further value.

***Because we are a foreign private issuer and are exempt from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.***

Nasdaq Listing Rules require listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to, and we may follow home country practice in lieu of the above requirements, or we may choose to comply with the above requirement within one year of listing. The corporate governance practice in our home country does not require a majority of our board to consist of independent directors. Thus, although a director must act in the best interests of the Company, it is possible that fewer board members will be exercising independent judgment and the level of board oversight on the management of our company may decrease as a result. In addition, Nasdaq Listing Rules also require foreign private issuers to have a compensation committee, a nominating/corporate governance committee composed entirely of independent directors,



and an audit committee with a minimum of three members. We, as a foreign private issuer, are not subject to these requirements. Nasdaq Listing Rules may require shareholder approval for certain corporate matters, such as requiring that shareholders be given the opportunity to vote on all equity compensation plans and material revisions to those plans, and certain Common Share issuances. We intend to comply with the requirements of Nasdaq Listing Rules in determining whether shareholder approval is required on such matters and to appoint a nominating and corporate governance committee. We may, however, consider following home country practice in lieu of the requirements under Nasdaq Listing Rules with respect to certain corporate governance standards which may afford less protection to investors.

***Our executive officers and directors, and their affiliated entities, along with our two other largest stockholders, own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.***

Based on shares outstanding as of August 14, 2023, our executive officers and directors, together with entities affiliated with such individuals, along with our largest shareholder, will beneficially own approximately 10.0% of our Common Shares based on 185,393,404, pre-100-to-1 reverse stock split, (1,853,955 after the reverse stock split), Common Shares issued and outstanding on such date.

As of March 31, 2023, the Company had 62,911,417 Common Shares issued and outstanding.

### **General Risk Factors**

***The unfavorable outcome of any future litigation, arbitration or administrative action could have a significant adverse impact on our financial condition or results of operations.***

From time to time, we are a party to litigation, arbitration, or administrative actions. Our financial results and reputation could be negatively impacted by unfavorable outcomes to any future litigation or administrative actions, including those related to the Foreign Corrupt Practices Act, the U.K. Bribery Act, or other anti-corruption laws. There can be no assurances as to the favorable outcome of any litigation or administrative proceedings. In addition, it can be very costly to defend litigation or administrative proceedings and these costs could negatively impact our financial results.

37

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our securities will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our securities would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our securities could decrease, which might cause our stock price and trading volume to decline.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. In the future, we would lose our foreign private issuer status if (i) more than 50% of our outstanding voting securities are owned by U.S. residents and (ii) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we

lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the Nasdaq Capital Market. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

***We incur significant increased costs as a result of operating as a public company in the United States, and our management is required to devote substantial time to new compliance initiatives.***

As a public company in the United States, we incur significant legal, accounting and other expenses that we did not incur previously. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, which requires, among other things, that we file with the SEC annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and Nasdaq to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was enacted. There are significant corporate governance and executive-compensation-related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas. Recent legislation permits emerging growth companies to implement many of these requirements over a longer period and up to five years from the pricing of their initial public offering. We intend to take advantage of this new legislation, but cannot assure you that we will not be required to implement these requirements sooner than planned and thereby incur unexpected expenses. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our consolidated net loss, and may require us to reduce costs in other areas of our business or increase the prices of our products or services. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

***Although as a Foreign Private Issuer we are exempt from certain corporate governance standards applicable to US issuers, if we cannot satisfy, or continue to satisfy, the initial listing requirements and other rules of the Nasdaq Capital Market, our securities may not be listed or may be delisted, which could negatively impact the price of our securities and your ability to sell them.***

In order to maintain our listing on the Nasdaq Capital Market, we will be required to comply with certain rules of the Nasdaq Capital Market, including those regarding minimum shareholders' equity, minimum share price, minimum market value of publicly held shares, and various additional requirements. Even if we initially meet the listing requirements and other applicable rules of the Nasdaq Capital Market, we may not be able to continue to satisfy these requirements and applicable rules. If we are unable to satisfy the Nasdaq Capital Market criteria for maintaining our listing, our securities could be subject to delisting. In that regard, on May 18, 2021, we received a notice from

Nasdaq indicating that, as a result of not having timely filed our Annual Report on Form 20-F for the fiscal year ended December 31, 2020, we were not in compliance with Nasdaq Listing Rule 5250(c)(1), which requires timely filing of all required periodic financial reports with the Securities and Exchange Commission. Nasdaq required that we submit a plan no later than July 16, 2021 to regain compliance and we have in fact regained compliance with Nasdaq's listing requirements since then.

***If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.***

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act and the rules and regulations of Nasdaq. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards.

In connection with the audit of our consolidated financial statements for the years ended December 31, 2022, 2021 and 2020, our independent registered public accountants identified three, six and two material weaknesses, respectively, in our internal control over financial reporting.

We have taken steps to remediate these material weaknesses, and to further strengthen our accounting staff and internal controls, as described above. These measures have only partially remediated the material weaknesses identified in 2022 and 2021 as discussed above. We cannot be certain that other material weaknesses and control deficiencies will not be discovered in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If our efforts are not successful or other material weaknesses or control deficiencies occur in the future, we may be unable to report our financial results accurately on a timely basis or help prevent fraud, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence or delisting, cause the market price of our Common Shares to decline, and we could be subject to sanctions or investigations by Nasdaq, the Securities and Exchange Commission, or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

## **ITEM 4. INFORMATION ON THE COMPANY**

### **A. History and Development of the Company**

We were incorporated on October 15, 1986 as Big Rock Gold Ltd. as a corporation under the Company Act of British Columbia incorporation number BC 0316008. On April 5, 1988, we changed our name to International Cruiseshipcenters Corp. On June 24, 1991, we changed our name to Riley Resources Ltd. Effective January 23, 1998, we changed our name to International Riley Resources Ltd. Effective November 22, 2001, we changed our name to Wind River Resources Ltd. On January 3, 2008, we changed our name to Teslin River Resources Corp. In 1998, in connection with the name change to International Riley Resources Ltd., we consolidated our share capital on an eight to one basis and in 2001, in connection with the name change to Wind River Resources Ltd., we further consolidated our share capital on a five to one basis.

On July 24, 2015, Teslin River Resources Corp. completed a reverse acquisition by way of a three-cornered amalgamation, pursuant to which we acquired certain telecom operations of an Israel-based cellular technology company and changed our name to Siyata Mobile Inc.

On June 7, 2016, we acquired all of the issued and outstanding shares of Signifi Mobile Inc., or Signifi. In consideration for such acquisition, we paid cash in the amount of CAD\$200,000 and issued 1,000,000 (6,897 shares after the 145/1 stock split) Common Shares at a value of CAD\$360,000.

The Company's common shares were previously listed on the TSX Venture Exchange (the "TSXV") under the symbol "SIM" and the Company voluntarily delisted from the TSXV at the end of trading on October 19, 2020. Our shares traded on the OTCQX under the symbol "SYATF" from May 11, 2017 until September 25, 2020, at which time our shares were listed on the Nasdaq Capital Market.

On January 2, 2021, we announced the closing of a previously announced private placement led by Phoenix Fund of 129,450 units of the Company at a price of \$100 per unit for aggregate gross proceeds of \$12,945,000 USD. Each Unit consisted of ten Common Shares of the Company and ten Common Share purchase warrants. Each warrant entitles the holder thereof to acquire an additional Common Share of the Company at a price of \$11.50 for a period of 42 months from the date of issuance.

On February 9, 2021, we announced that Peter Goldstein was appointed to serve as the Chairman of the Board of Directors, or the Board, of the Company. The Company further announced that Luisa Ingargiola was appointed as a director and a member of the Audit Committee, which took effect following the Company's annual shareholders meeting held on February 23, 2021. Ms. Ingargiola replaced Brian Budd on the Board due to Mr. Budd not being re-nominated to serve on the Board at the upcoming shareholder's meeting. Ms. Ingargiola resigned from the Board on October 29, 2021.

In March 2021, we acquired, through a wholly owned subsidiary formed by Signifi, all of the outstanding units of Clear RF LLC, or Clear RF. In exchange for 100% of the units of Clear RF, we agreed to pay a total of \$700,000, comprised of approximately \$389,970 in our Common Shares and \$310,030 in cash. At closing we issued 23,949 Common Shares valued at \$194,985 as the share consideration as well as \$155,015 in cash and are required to pay an additional \$155,015 in cash and an additional \$194,985 of our Common Shares, subject to adjustment on March 31, 2022.

On April 8, 2021, we were informed by the British Columbia Securities Commission that it had issued a cease trading order due to the Company's failure to timely file its annual audited financial statements for the year ended December 31, 2020, its annual management's discussion and analysis for the year ended December 31, 2020, its annual information form for the year ended December 31, 2020 and its certification of annual filings for the year ended December 31, 2020. The Order did not impact the trading of our Common Shares and Warrants, trading under the symbols SYTA and SYTAW, respectively, on the Nasdaq Capital Market. The Order was revoked as of July 8, 2021.

On May 18, 2021, we received a notice from the Nasdaq indicating that, as a result of not having timely filed its Annual Report on Form 20-F for the fiscal year ended December 31, 2020, the Company is not in compliance with Nasdaq Listing Rule 5250(c)(1), which requires timely filing of all required periodic financial reports with the Securities and Exchange Commission. We filed the Form 20-F on June 30, 2021 and believe that we regained compliance with the applicable Nasdaq rule.

On August 20, 2021, we were informed by the British Columbia Securities Commission that it had issued a cease trading order due to our failure to timely file its interim financial report for the period ended June 30, 2021, interim management's discussion and analysis for the period ended June 30, 2021 and certification of interim filings for the period ended June 30, 2021. We filed our financial statements and other outstanding materials on October 14, 2021 and the cease trading order was revoked on October 15, 2021.

On October 27, 2021, we entered into a securities purchase agreement relating to the purchase and sale of a senior secured convertible note (the "Lind Note") for gross proceeds of \$6,000,000 with Lind Global Partners II, LP, or Lind, an investment fund managed by The Lind Partners, a New York based institutional fund manager (together

“Lind”) which closed on November 3, 2021. The purchase agreement provided for, among other things, the issuance of a \$7,200,000 Note with a 24-month maturity, 0% annual interest rate, and a fixed conversion price of \$10.00 per share of the Company’s Common Shares. The Company is required to make principal payments in 18 equal monthly installments commencing 180 days after funding. At the discretion of the Company, the repayments can be made in: (i) cash; (ii) Common Shares (after Common Shares are registered) (the “Repayment Shares”); or a combination of both. Repayment Shares will be priced at 90% of the average of the five lowest daily VWAPs during the 20 trading days before the issuance of the Common Shares (the “Repayment Price”). The Company has the right to buy-back the outstanding face value of the Note at any time with no penalty (“Buy-Back Right”). Should the Company exercise its Buy-Back Right, Lind will have the option to convert up to 25% of the face value of the Note at the lesser of the conversion price of the Notes or the Repayment Price. Additionally, the Note ranks senior to other Company debt, excluding certain debt facilities, and is secured over Company assets, as more fully detailed in the Purchase Agreement and Note. Further, the purchase agreement provided that Lind will also receive a Common Shares purchase warrant to purchase up to 2,142,857 shares of the Company’s Common Shares (“Lind Warrant”). The Lind Warrant may be exercisable with cash payment for 60 months with an exercise price of \$4.00 per Common Share (as later adjusted) and may be exercised on a cashless basis in the event that a registration statement covering the underlying Common Shares is not deemed effective. Both the Lind Note and the Lind Warrant contain certain anti-dilution protection in certain circumstances. The Company’s registration statement covering the Common Shares underlying the Note and Warrant was declared effective on December 3, 2021.

The Lind Note was repaid in full on November 14, 2022. Of the total repayment of principal and interest, the Company paid Lind \$8,137,702 in cash and issued Lind 13,112,255 Common Shares. The Securities Purchase Agreement pursuant to which Lind Partners acquired the Lind Notes prohibits the Company from entering into any Prohibited Transactions without Lind’s prior written consent, until thirty days after such time as the Lind Note has been repaid in full and/or has been converted into Common Shares. That agreement also provides to Lind a 10 day right of first purchase if the Company makes a public offer of its Common Shares. On October 9, 2022, Lind entered into an agreement pursuant to which they waived such provisions in consideration of participating in the Company’s offering that closed on October 12, 2022 and receiving without payment therefor Common Share purchase warrants in the private placement to acquire up to 1,739,130 Common Shares at an exercise price of \$0.23 per Common Share (the “Lind Waiver Warrants”). Lind did not exercise any of said Lind Waiver Warrants and did not participate in the Warrant Exercise Agreement discussed below.

Effective on October 29, 2021, the Board appointed Lourdes Felix as a director of the Board to fill the vacancy created by the resignation of Ms. Ingargiola. Ms. Felix will serve as a director until the Company’s next annual general meeting of shareholders and until her successor shall have been elected and qualified, subject to her earlier death, resignation, retirement, disqualification or removal. Ms. Felix was also appointed to serve as a member of the Company’s Audit Committee and Nominating and Corporate Governance Committee.

On November 15, 2021, Siyata announced the closing of a previously announced funding agreement for gross proceeds of \$6,000,000 by Lind Global Partners II, LP, an investment fund managed by The Lind Partners. The proceeds were used to repay and terminate certain existing convertible notes.

On January 11, 2022, the Company closed its underwritten public offering of 8,695,652 Common Shares (or pre-funded warrants to purchase Common Shares in lieu thereof) and accompanying Warrants to purchase up to 8,695,652 Common Shares resulting in gross proceeds of approximately \$20,000,000 and net proceeds of \$18,358,028.

On May 24, 2022, we received a letter from Davidson & Company LLP (“Davidson”) that stated that Davidson did not wish to be reappointed as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2022. Davidson ceased to serve as the Company’s independent registered accounting firm as of May 24, 2022. The Company requested that Davidson respond fully to the inquiries of Friedman, LLP, the Company’s successor independent registered public accounting firm, and Davidson agreed to cooperate with the Company and Friedman with respect to the transition. During the Company’s fiscal years ended December 31, 2021

and 2020 and the subsequent interim period through the filing of the Company's Report of Foreign Private Issuer on Form 6-K on May 31, 2022, there were no "disagreements" (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with Davidson on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Davidson, would have caused Davidson to make reference to the subject matter of such disagreements in connection with its report. Davidson's report on the consolidated financial statements for the Company's fiscal years ended December 31, 2021 and 2020 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that Davidson's report for the years ended December 31, 2021 and 2020 contained an explanatory paragraph indicating that there was substantial doubt about the ability of the Company to continue as a going concern. In a separate correspondence, Davidson identified five material weaknesses in our internal controls over financial reporting. During the Company's fiscal years ended December 31, 2021 and 2020 and the subsequent interim period through May 31, 2022, there had been no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K), except for certain material weaknesses in the Company's internal control over financial reporting.

On May 24, 2022, management of the Company notified Friedman LLP, or Friedman, that Friedman had been approved by the Company's audit committee of the board of directors and the board of directors as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2022. Friedman LLP combined with Marcum LLP, or Marcum, effective September 1, 2022. During the fiscal years ended December 31, 2021 and 2020 and the subsequent interim period through May 31, 2022, the Company did not consult with Friedman or Marcum with respect to: (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the Company's financial statements, and no written report or oral advice was provided to the Company by Friedman or Marcum that was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was subject to any disagreement, as defined in the United States Securities and Exchange Commission's Regulation SK, Item 304(a)(1)(iv) and the related instructions thereto, or a reportable event within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

As part of the Company's normal quarterly reporting process for the six months ended June 30, 2022, management and the Audit Committee concluded that a material error was made related to the accounting for the warrants entered into on January 11, 2022 (the "January Warrants") and therefore were misstated in the Company's March 31, 2022 prior period financial statements, or Prior Period Financial Statements. There was no impact on any of the year end financial statements previously filed. On August 15, 2022, management and the Audit Committee determined that the Company's condensed consolidated unaudited interim financial statements for the three month period ended March 31, 2022, filed with the SEC on Form 6-K on May 17, 2022 should no longer be relied upon due to an error in the accounting treatment for the classification of the Company's January Warrants as equity rather than as a derivative liability. In addition, investors were advised that they should no longer rely upon any communications relating to these condensed consolidated unaudited interim financial statements. The Company determined that the January Warrants should be accounted for as a derivative liability in accordance with International Accounting Standards No. 32.6 and International Financial Reporting Standards No. 9 that deal with the measurement of financial assets and financial liabilities. As a result of this change, the January Warrants for 9,999,999 Common shares have been classified as liabilities rather than equity, the fair value of the January Warrants decreased by \$2.9 million, transaction costs increased by \$0.96 million and the fair value loss increased by \$0.96 million for the three months ended March 31, 2022. The Company filed its restated condensed consolidated unaudited interim financial statements for the three month period ended March 31, 2022 as Exhibit 99.1 to its Form 6-K with the SEC on August 18, 2022 together with its restated Management's Discussion and Analysis of Results of Operations and Financial Condition for the three months ended March 31, 2022. On July 1, 2022, the Company filed a "shelf" registration statement with the SEC covering \$100 million aggregate amount of Common Shares, warrants to purchase Common Shares or debt securities, or any combination thereof, subscription rights evidencing the right to purchase Common Shares or debt securities, or any combination thereof, purchase contracts to purchase Common Shares, warrants, rights, debt securities, or any combination thereof, as well as units that include any of these securities. That registration statement was declared effective by the SEC on July 18, 2022.

On October 10, 2022, we entered into a Securities Purchase Agreement or the Purchase Agreement with certain institutional investors named therein (the “Purchasers”), pursuant to which we agreed to issue and sell, in a registered direct offering from the shelf: (i) 15,810,000 Common Shares, (ii) 1,590,000 pre-funded warrants, or the Pre-Funded Warrants and, (iii) in a private placement under Rule 506 of Regulation D, 17,400,000 warrants, or the Purchase Warrants at a combined purchase price of \$0.23 per Common Share and Purchase Warrant if purchasing the Common Shares, or \$0.22 per Pre-Funded Warrant and Purchase Warrant if purchasing the Pre-Funded Warrants. Each Purchase Warrant entitles the Purchaser to purchase one Common Share for a period of five years from the date of issuance for an exercise price of \$0.23 per share. The Purchase Agreement contained customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The offering closed on October 13, 2022 resulting in gross proceeds of approximately \$4.0 million.

On November 22, 2022, the Company filed a registration statement with the SEC registering the resale, from time to time, by the selling shareholders named therein of up to 17,400,000 of our Common Shares issuable upon the exercise of the Common Share purchase warrants issued to the Selling Shareholders in a private placement pursuant to the Securities Purchase Agreements dated October 10, 2022 by and between the Selling Shareholders and the Company. That registration statement went effective on December 15, 2022.

On December 26, 2022, we were notified that there had occurred a significant infiltration of water into our warehouse premises located at 1751 Richardson, Suite 2207, Montreal, Quebec, Canada, due to a leaking water pipe in the floor above (which floor is not leased by the Company). Upon inspection of the premises, we believed that there could be substantial damage to our warehoused inventory of communication devices and signal boosters, the dollar value of which was presently not determinable. We are continuing to assess the potential damages, which will require a special inspection to determine the condition of the merchandise. Management believes that any damage is covered by its current property insurance policy and has filed a claim with our commercial property insurer whose policy covers the selling price of damaged inventory. Because we store similar inventory in another location, we did not believe that this event would result in any interruption of our sales activities, and thus future revenues should not be impacted by the water damage to the subject inventory. Only new, non-damaged, quality products will be shipped to our customers. From a balance sheet and income statement perspective, any damaged inventory will be considered impaired and written off (expensed) on the Company’s income statement as an impairment due to the water damage, and the inventory values will be reduced on the balance sheet by the amount of the damages in the fourth quarter of 2022. Any insurance proceeds receivable will be recorded as income in the quarter (likely in 2023) when it is at least virtually certain that the proceeds to be paid by the Company’s insurer have been agreed by both parties. Under international accounting standards, insurance proceeds are accounted for as “reimbursements” and would be recognized as a separate asset (with related income) when the recovery is virtually certain.

On January 18, 2023, we entered into warrant exercise agreements with fourteen existing accredited investors to exercise certain outstanding warrants, or Existing Warrants, to purchase up to an aggregate of 18,042,857 of the Company’s Common Shares. The gross proceeds to the Company from the exercise of the Existing Warrants totaled approximately \$3,608,571, prior to deducting warrant inducement agent fees and estimated offering expenses. In consideration for the immediate exercise of the Existing Warrants for cash, the exercising holders received new unregistered warrants, or New Warrants, to purchase up to an aggregate of 18,042,857 Common Shares (equal to 100% of the Common Shares issued in connection with the exercise) in a private placement pursuant to Section 4(a)(2) of the Securities Act. In connection with the warrant exercise, the Company also agreed to reduce the exercise price of the Existing Warrants from \$0.23 to \$0.20 per share. The warrant exercise agreements and the New Warrants each include a beneficial ownership limitation that prevents the warrant holder from owning more than 4.99% (which may be increased to 9.99% in accordance with the terms of the New Warrants) of the Company’s outstanding Common Shares at any time. The New Warrants are exercisable immediately upon issuance at a cash exercise price of \$0.20 per share and have a term of exercise equal to five years. However, the holder of the New Warrant may also effect an “alternative cashless exercise” on or after the earlier of: (i) one hundred and eighty (180) day anniversary of the initial exercise date (January 19, 2023) or (ii) the day after effectiveness of the registration statement of which this prospectus

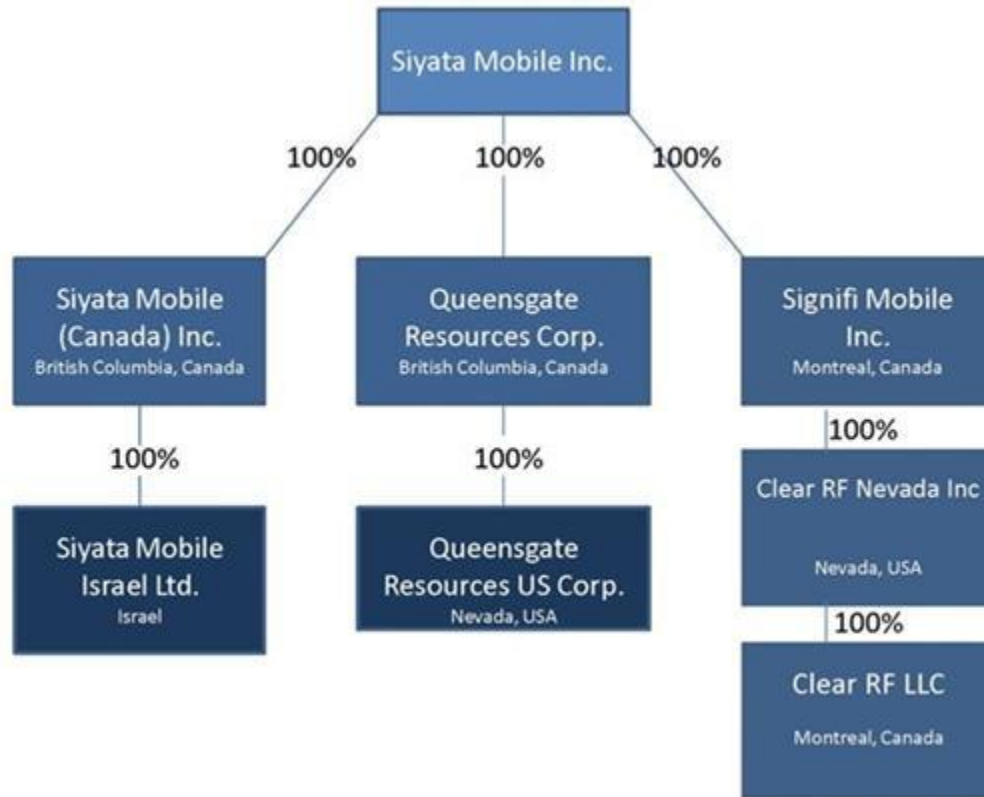
is a part. In such event, the aggregate number of Common Shares issuable in such alternative cashless exercise pursuant to any given notice of exercise electing to effect an alternative cashless exercise will equal the product of (x) the aggregate number of Common Shares that would be issuable upon exercise of the New Warrant in accordance with the terms of the New Warrant if such exercise were by means of a cash exercise rather than a cashless exercise and (y) 1.0, which would result in an effective exercise price of \$0 at such time. In connection with the exercise of the Existing Warrants, the Company reduced the exercise price of 2,989,130 of certain of its remaining unexercised Common Share purchase warrants from \$0.23 per Common Share to an exercise price of \$0.20 per Common Share, which warrants may subsequently be repriced to \$0 if the cashless exercise price of the New Warrants is triggered. However, previously issued warrants: (i) for 1,805,585 Common Shares that currently trade on the Nasdaq Capital Market under the symbol “SYTAW” that have an exercise price of \$6.85 per share; (ii) for 1,294,500 Common Shares that were issued in a private transaction that have an exercise price of \$11.50 per share; and (iii) for 9,999,999 Common Shares that were issued in a private transaction that have an exercise price of \$2.30 per share are not required by their terms to be repriced.

On February 15, 2023, we filed a registration statement with the SEC registering for resale, from time to time, by the selling shareholders named therein up to 19,781,987 of our Common Shares issuable upon the exercise of: (i) the Common Share purchase warrants for 18,042,857 Common Shares (the “New Warrants”) issued to certain of the selling shareholders in a private placement pursuant to Warrant Exercise Agreements dated January 18, 2023 by and between those selling shareholders and the Company and (ii) upon the exercise of the Lind Waiver Warrants (defined therein) for 1,739,130 Common Shares issued to Lind under the securities purchase agreement dated October 27, 2021. That registration statement went effective on March 30, 2023.

Our auditor has agreed with management’s decision to include a “going concern” explanatory paragraph in its report on our consolidated financial statements for the fiscal year ended December 31, 2022, expressing substantial doubt about our ability to continue as an ongoing business for the next twelve months. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot secure the financing needed to continue as a viable business, our shareholders may lose some or all of their investment in us. The Canadian registered office of the Company is located at 885 West Georgia Suite 2200, Vancouver, British Columbia V6C-3E8 and our warehouse and Canadian sales headquarters is located at 1751 Richardson Street, Suite #2207, Montreal, Quebec H3K-1G6, Canada. Our agent for U.S. federal securities law purposes is c/o Cogency Global Inc., 122 East 42<sup>nd</sup> Street, 18<sup>th</sup> Floor, New York, NY 10168.

The following diagram illustrates our corporate structure as of the date of this MD&A:





Our website address is <https://www.siyatamobile.com/>. The information contained on our website or available through our website is not incorporated by reference into and should not be considered a part of this Annual Report, and the reference to our website in this Annual Report is an inactive textual reference only. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC’s website at [www.sec.gov](http://www.sec.gov).

## B. Business Overview

Siyata Mobile Inc. is a leading global developer of innovative cellular-based communications solutions over advanced mobile networks under the Uniden® Cellular and Siyata brands to global first responders and enterprise customers. Siyata’s three complementary product categories include rugged handheld mobile devices and in-vehicle communications solutions for first responders, enterprise customers, commercial fleet vehicles and industrial workers, and cellular amplifiers to boost the cellular signal inside homes, and buildings and vehicles.

Our customer base includes cellular network operators and their dealers, as well as commercial vehicle technology distributors for fleets of all sizes in the United States, Canada, Europe, Australia and the Middle East.

### Products

The Company develops, markets and sells a portfolio of rugged handheld Push-to-Talk over Cellular (“PoC”) smartphone devices. These rugged business-to-business (“B2B”) environments are focused on enterprise customers, first responders, construction workers, security guards, government agencies, utilities, transportation and waste management, amusement parks, and mobile workers in multiple industries.

Prior to 2021, Siyata sold rugged handsets, such as the Uniden UR5 and Uniden UR7 only in international markets. In Q2 2022, Siyata unveiled its next generation rugged device, the SD7. The SD7 is Siyata's first mission critical push-to-talk device ("MCPTT") and is also the first rugged handset that Siyata announced in North America in the fourth quarter of 2021, and is now shipping in North America, Europe, The Middle East and Australia. The SD7 Rugged PTT Handset is targeting first responders and enterprise customers who have previously used traditional legacy two-way Land Mobile Radios ("LMR") but who would prefer a solution that provides wide-area coverage like a cellular device, and also one that provides the same core functionality of Push-to-Talk that they used with their previous older technology.



Our second product category is purpose built In-Vehicle communication devices. In Q4 2021, Siyata launched the VK7, a first-of-its-kind, patent-pending vehicle kit with an integrated 10-watt speaker, a simple slide-in connection sleeve for the SD7 Handset, and an external antenna connection for connecting an antenna to allow for an in-vehicle experience for the user that is similar to that from a traditional land mobile radio ("LMR") device. The VK7 has been uniquely designed to be used with the SD7 Handset, while connecting directly into the vehicle's power and can also connect to a Uniden cellular amplifier for better cellular connectivity. The VK7 can also be equipped with an external remote speaker microphone ("RSM") to ensure compliance with hands-free communication legislation.



### VK7 Vehicle Kit

The Uniden® UV350 4G/LTE, is a purpose built In-Vehicle communication device designed specifically for professional vehicles such as trucks, vans, buses, emergency service vehicles and other enterprise vehicles. This platform is designed to facilitate replacement of the current in-vehicle, multi-device status-quo with a single device that incorporates voice, PoC, data, fleet management solutions and other Android based professional applications. The UV350 also supports Band 14 for the First Responder Network Authority, or FirstNet®, compatibility which is the U.S. First Responders 4G/LTE network with PoC capabilities that aims to replace aging two-way radio systems currently in use.



### UV350 In-Vehicle Device

The aforementioned portfolio of solutions offers the benefits of PoC without any of the difficulties managing the current generation of rugged smart/feature phones and is ideally suited as a perfect upgrade from Land Mobile Radios (“LMR”). Used for generations, LMR has a significant number of limitations, including network incompatibility, limited coverage areas, and restricted functionality that leave a huge need for a unified network and platform. Siyata’s innovative PoC product lines are helping to service the generational shift from LMR to PoC. According to VDC Research, the LMR market is growing at a 5.9% compound annual growth rate, while the PoC market is growing at 13.6% CAGR and annual PoC shipments are expected to grow to 2.7 million in 2023.

Qualifications for the UV350 In-Vehicle device with North American carriers began with Bell Mobility in late Q4 2018, at AT&T as well as at its first responder cellular network FirstNet®, in late Q2 2019, with Rogers Wireless and Verizon Wireless in Q4 2019, and internationally with Telstra in Q4 2021. These were major milestones for the Company following Siyata’s seven years of experience perfecting in-vehicle cellular based technology, vehicle installations, software integration with various Push-to-Talk (“PTT”) solutions and intensive carrier certifications.

Siyata’s customer base includes cellular network operators and their dealers, as well as commercial vehicle technology distributors for fleets of all sizes in the U.S., Canada, Europe, Australia, The Middle East and other international markets.

Cellular boosters are our third product category with approximately 30 million of these devices sold globally every year. Siyata manufactures and sells Uniden® Cellular boosters and accessories for enterprise, first responder and consumer customers with a focus on the North America markets. Cellular communication provides a robust, secure environment not just for remote workers, in-home and in-vehicles; but also for restaurant patrons who wish to download menus; for patients at pharmacies who need to verify identity and download scripts; for remote workers who require strong clear cellular signals; and for first responders where connectivity literally means the difference between life and death - just to name a few examples. The vehicle vertical in this portfolio complements Siyata’s in-vehicle and rugged handheld smartphones as these sales can be bundled through the Company’s existing sales channels.



Uniden U70P In-Building Booster



Uniden UM50 In-Vehicle Booster



Uniden UM2M In-Vehicle Booster

We offer a full line of cellular boosters, to boost cellular reception, under the brand name Uniden®. We have entered into a partnership whereby Uniden America Corporation, the North American subsidiary of Japan-based Uniden Corporation, has granted the exclusive license to us to market cellular signal boosters under the Uniden® brand name within the U.S. and Canada, on a rolling three year contract term, with the current extension expiring December 31, 2031 unless sooner terminated pursuant to the terms of this Agreement. As a world-wide leader in wireless communications, Uniden America Corporation manufactures and markets wireless consumer electronic products. Based in Fort Worth, Texas, Uniden sells its products through dealers and distributors throughout North, Central and South America. Uniden Cellular booster kits solve issues of poor reception, dropped calls, lost data and transmission quality issues that users routinely experience on every cellular network. These easy-to-install cellular booster kits are designed for homes, cabins, offices, and buildings to improve the cellular signal reception indoors, allowing people to use their cellular phones indoors where they previously could not do so. We also offer models designed for vehicles, both wired and wireless boosters, to improve the cellular reception inside a vehicle that is driving in a weak cellular signal area. Uniden cellular signal boosters offer kits designed to offer cellphone coverage for difference distances, including kits for a small area of 1 or 2 rooms, and more expansive solutions that will cover over 100,000 sq. ft. Our cellular signal boosters are carrier agnostic to ensure the best signal integrity, supporting 2G, 3G, 4G and soon 5G (in development) technologies on all carriers operating in North America.

## Customers and Channels

Qualifications for the UV350 In-Vehicle device with North American carriers including Bell Mobility, AT&T (as well as at its first responder cellular network FirstNet®), Rogers Wireless, Verizon Wireless and internationally with Telstra. These are major milestones for the Company following Siyata's seven years of experience perfecting in-vehicle cellular based technology, vehicle installations, software integration with various Push-to-Talk ("PTT") solutions and intensive carrier certifications.

Siyata's customer base includes cellular network operators and their dealers, as well as commercial vehicle technology distributors for fleets of all sizes in the U.S., Canada, Europe, Australia, the Middle East and other international markets.

The North American Tier 1 cellular carriers that Siyata is working with have large scale distribution and sales channels. With an estimated 25 million commercial vehicles including 7.0 million first responder vehicles, the Company sees the North American market as its largest opportunity with a total addressable market over \$19 billion. These Tier 1 cellular carriers have a keen interest in launching the UV350 as it allows for new SIM card activations in commercial vehicles and increased ARPU from existing customers with corporate and first responder fleets while targeting new customers with a unique, dedicated, multi-purpose in-vehicle IoT smartphone.

In addition, our rugged handsets are targeted to approximately 47 million enterprise task and public sector workers across North America including construction, transport & logistics, manufacturing, energy & utility, public safety and federal government. As of December 31, 2022, Siyata had secured North American wireless carrier approvals of the SD7 Handset for use on their networks from AT&T, FirstNet, Verizon, and Bell Mobility. During 2023, Siyata has since added T-Mobile and US Cellular to its list of North American wireless carriers who have approved SD7 for use on their networks. Internationally, Telstra from Australia has also approved SD7 for use on their network during 2023.

## **Our Pricing**

For wireless carriers, they are free to price the device how they choose. In most cases for significant sales opportunities the carriers are willing to subsidize the cost of the device in order to secure the new activations with the associated monthly Average Revenue Per User, or ARPU.

Even our unsubsidized full price is competitive compared to other hardware solutions, but when our device is subsidized, the capital and operational expense benefits to customers compared to other solutions are even greater.

## **Competition**

### Rugged Handsets Category

Our direct competitors include Sonim Technologies, Kyocera, and one ruggedized model from Samsung. These competitors also target sales of Push-to-Talk over Cellular (PoC) solutions through wireless carriers in North America and internationally. None of these competitors offer a unique solution like our SD7 Handset which focuses on a simple upgrade from two-way radios, nor do they offer an equivalent to our VK7 Vehicle Kit. These direct competitors focus on more expensive ruggedized Smartphones.

Indirectly, we compete with low-cost Push-to-Talk over Cellular devices designed and developed by various Chinese companies including Telo, Inrico, and others. These products are not approved for sale by North America wireless carriers due to lower overall device specifications which do not meet requirements of North American wireless carriers. These devices are mostly sold in international markets to highly price sensitive customers.

Indirectly, we also compete with traditional two-way LMR radios, also known as “portables” that are carried or worn on a belt and used for PTT communications. These are sold by a small number of large LMR vendors who sell directly to large first responder organizations and to large enterprise customers. They also sell through dealers and distributors to small and medium-sized commercial customers. These products are generally not sold through wireless carriers in North America or internationally. The government and enterprise customers that they target are now often considering the alternative of Push-to-Talk over Cellular since customers do not need to purchase repeaters and towers nor any government licensing for the frequencies that they use. Also, Push-to-Talk over Cellular provides much wider-area coverage, and these PoC solutions tend to be less expensive than traditional LMR radios both to purchase the PoC hardware such as the Siyata SD7 Handset, as well as to subscribe to monthly PoC service from a wireless carrier.

### *In-Vehicle Category*

We do not believe that we have any direct competitors within the in-vehicle market category in North America that provide a dedicated cellular based device for commercial and first responder vehicles, and we believe that no other company offers an In-Vehicle IoT device that is approved for sale in North America by wireless carriers.

We have several indirect competitors. Firstly, customers could choose a handheld phone along with a professionally installed third party car kit. There are car kit providers who attempt to make their car kits compatible with popular handheld phone models. By comparison, the UV350 device offers enhanced audio quality, safety, and reception. Furthermore, the UV350 is always active and can be used in temperature extremes. Furthermore, the UV350 kit is one complete solution from one supplier, as opposed to buying separately from two different companies and assembling a phone and a car kit that offers no proven compatibility.

Our second group of indirect competitors are rugged tablets that can be placed in a mount. The UV350 device offers better audio quality, better safety, better cellular reception, and it is always on and ready to be used. Also, compared to a tablet, the UV350 can also make cellular calls including emergency 911 calls whereas the tablet cannot as it is a data only device.

Our third group of indirect competitors are In-Vehicle Two-way LMR Radios also known as “mobiles”. Not only can the UV350 make phone calls which the LMR radio cannot, but the UV350 offers much better coverage due to using the cellular network as opposed to a limited two-way radio network. And the UV350 can support downloadable Android apps and can serve as a modem for IoT devices and as a Wi-Fi hotspot for further connectivity options and more.

Our fourth group of indirect competition is a leading global LMR vendor who offers an In-Vehicle device which is a Push to Talk over Cellular device, compatible only with its own OEM’s PTT application, and as it is not a smartphone based device so it does not offer any downloadable apps (fleet management, GPS tracking, live video feed, etc.) nor the ability to make a phone call over the wireless network. This LMR vendor sells the In-Vehicle device directly to customers and through its dealer channel, but not through wireless carriers.

### *Cellular Boosters Category*

Within the Cellular Booster category, we have several direct competitors, including Wilson Electronics, LLC, Nextivity Inc., and SureCall Company.

### **Intellectual Property**

We own two patents that we acquired from ClearRF, as discussed below, and we have entered into several licensing agreements for the use of a trademark and certain patents.

In December 2012, Signifi Mobile, the Company's wholly-owned subsidiary entered into a license agreement with Uniden America Corporation, as amended (the "Uniden Agreement"). The Uniden Agreement provides for the Company to use the trademark "Uniden®", along with associated designs and trade dress to distribute, market and sell its In-Vehicle device, cellular signal booster and accessories during its term in North America. The agreement includes renewal options up to December 31, 2031 and is subject to certain minimum royalties.

#### *Wilson Electronics LLC*

Effective January 1, 2018, Signifi Mobile Inc., the Company's wholly-owned subsidiary, entered into an agreement with Wilson Electronics, LLC to permit the Company to utilize several of Wilson Electronics' patents related to cellphone boosters (the "Wilson Agreement"). The Wilson Agreement grants the Company an indefinite right to utilize its cellphone booster-related patents in exchange for paying Wilson Electronics, LLC a royalty fee for boosters sold by the Company. The Wilson Agreement remains in force until the Wilson patents on the Booster products expire.

#### *Via Licensing Corporation*

Effective June 8, 2018, the Company entered into two separate licensing agreements with Via Licensing Corporation to utilize worldwide patents related to the coding and decoding of "android" software as well as access and download within the "LTE/ 4G" network. This patent is for an initial period of 5 years and can be extended for a further 5-year term. The Company has the right at any time during the term on any extension hereof, to terminate these agreements upon providing 60 days advanced notice of termination. The quarterly royalty fees are based solely on product sales and is a percentage formula based upon the number of units sold, the country manufactured and the country location of the end customer. There are no minimum royalty fees payable according to the agreement.

#### *eWave Mobile Ltd.*

Effective October 1, 2017, we entered into an Asset Purchase Agreement with eWave Mobile Ltd., or eWave, for the purchase of certain distribution rights and contracts in connection with the right to sell and distribute in Israel certain cellular devices for the push to talk market, or the eWave Supplies, in exchange for \$700,000 in cash and issued shares of common stock of the Company equal to \$700,000. Additionally, we shall pay eWave 50% of up to \$1,500,000 in net profit that we earn from sales related to the eWave Suppliers, and 25% thereafter of the net profit exceeding \$1,500,000.

#### *Clear RF, LLC*

On March 31, 2021, the Company's indirectly and wholly-owned subsidiary ClearRF Nevada Inc. acquired all of the issued and outstanding interests of Clear RF, LLC, or ClearRF, a Washington State limited liability company, for a total purchase price of US\$700,000 in a combination of cash and Common Shares. ClearRF produces M2M (machine-to-machine) cellular amplifiers for commercial and industrial M2M applications and offers patented direct connect cellular amplifiers and patented auto gain & oscillation control designed for M2M and "internet-of-things." Or IoT, applications. Two patents (described below) held by ClearRF were subsequently transferred and assigned to ClearRF Nevada following the closing of this acquisition.

- i. RF Passive Bypass technology enables tethered devices to communicate through the amplifier network, even if the amplifier loses power, or when the signal is not required, a key differentiator amongst competitors, in particular for mission-critical applications and first responder vehicles that require constant clear cellular coverage and connectivity.
- ii. Auto Gain & Oscillation Control detects the level of incoming signal strength and self-adjusts output power to ensure maximum signal strength. This feature is vital for telematics (mobile) M2M applications because the amplifier will be in constant motion and will require periodic self-adjustment based on changing incoming signal environment.

## Seasonality

We do not experience any effects of seasonality in our business. Our products are designed to function at full capacity under all weather conditions and therefore, we do not experience any shifts in our sales patterns.

## C. Organizational Structure

Our subsidiaries as of December 31, 2022 are as follows:

<b>Name of Subsidiary</b>	<b>Principal Activities</b>	<b>Place of Incorporation</b>	<b>Ownership</b>
Queensgate Resources Corp.	Inactive	British Columbia, Canada	100%
Queensgate Resources US Corp.	Inactive	Nevada, USA	100%
Siyata Mobile (Canada) Inc.	Inactive	British Columbia, Canada	100%
Siyata Mobile Israel Ltd.	R&D and wholesale distribution	Israel	100%
Signifi Mobile Inc.	Wholesale distribution	Quebec, Canada	100%
ClearRF Nevada Ltd.	Inactive	Nevada, USA	100%
ClearRF LLC	Inactive holding patents	Washington, USA	100%

## D. Property, Plant and Equipment

Our warehouse and Canadian sales headquarters are located at 1751 Richardson Street, Suite #2207, Montreal, Quebec H3K-1G6, Canada, with approximately 5,616 square feet of space. We entered into a lease agreement for its property for a 20-month term, beginning on October 1, 2022, and expiring on May 31, 2024. Under this Lease, we pay net rent of \$2.00 per square foot per annum, approximately \$11,232 annum, payable in monthly equal installments. Additional warehouse space was leased at 250 Ford Boulevard, town of Chateauguay, Quebec, J6J-4Z2 with approximately 2,837 square feet of space. We entered into a lease agreement for its property for a 26 month term, beginning on April 1, 2022 and expiring on May 31, 2024. Under this Lease, we pay net rent of \$11.50 per square foot per annum, approximately \$32,625 annum, payable in monthly equal installments.

We believe that our existing facilities are adequate to meet current requirements and that suitable additional or substitute space will be available as needed to accommodate any further physical expansion of operations and for any additional offices.

## ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### A. Operating Results

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties, including those identified in "Cautionary Note Regarding Forward-Looking Statements" and under "Risk Factors" elsewhere in this Annual Report.*



## Overview

Siyata Mobile Inc. is a leading global developer of innovative cellular-based communications solutions over advanced mobile networks under the Uniden® Cellular and Siyata brands to global first responders and enterprise customers. Siyata's three complementary product categories include in-vehicle communications solutions and rugged handheld mobile devices for first responders, enterprise customers, commercial fleet vehicles and industrial workers, and cellular amplifiers to boost the cellular signal inside homes, buildings and vehicles.

On September 25, 2020 the Company listed on the Nasdaq Capital Markets (“**Nasdaq**”) under the symbol SYTA for its Common Shares, and the Company's warrants issued on September 29, 2020 at \$6.85 are traded under the symbol SYTAW, and expire in five (5) years from the date of issue.

The registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8, Canada.

## Significant Highlights

The following highlights and developments for the year ended December 31, 2022:

On January 6, 2022, we priced our underwritten public offering of 8,695,652 Common Shares (or pre-funded warrants to purchase Common Shares in lieu thereof) and accompanying warrants to purchase up to 8,695,652 Common Shares. Each Common Share (or pre-funded warrant in lieu thereof) was sold together with one Common Share purchase warrant at a combined effective offering price of \$2.30. The Company also granted the underwriter an option to purchase up to an additional 1,304,347 Common Shares and an additional 1,304,347 warrants.

On January 18, 2022, we announced that we entered into a new distribution agreement with U.S.-based TESSCO Technologies Incorporated, a leading value-added distributor of wireless communications products for network infrastructure, site support, and fixed and mobile broadband networks. Sales through this distribution agreement are expected to begin in the first quarter of 2022.

On February 2, 2022, we announced that Goosetown Communications a division of Goosetown Enterprises, Inc., will introduce the Siyata SD7 device with its Push-to-Talk over Cellular service TeamConnect®.

On February 7, 2022, we announced that we had received \$750,000 in purchase orders from an emergency medical service provider and an international defense contractor both located in the European, Middle Eastern and African region with its handheld rugged Push-to-Talk devices.

On February 15, 2022, we announced that at our Annual General Meeting, our shareholders fixed the number of directors at five, approved the nominees of the Board of Directors, approved the appointment of Davidson & Company LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year, approved the Company's amended and restated Equity Incentive Plan and approved the Lind financing.

On May 3, 2022, we announced that our SD7 push to talk over cellular device was certified and approved for use on FirstNet®, the first high-speed, nationwide wireless broadband network dedicated to public safety.

On June 7, 2022, we announced that Verizon Communications Inc., the largest mobile cellular telephone operator in the U.S. by total retail connections, agreed to fully integrate our rugged SD7 device into their network.

On June 27, 2022, we announced that our SD7 rugged device first became commercially available on and will be sold through the FirstNet® network and to AT&T Inc.'s enterprise channels.

On July 13, 2022, we announced that Logic Wireless Europe Ltd. a leading distributor of business-critical communication solutions across the United Kingdom, Australia, New Zealand and the Pacific Islands, agreed to introduce the Siyata SD7 rugged PoC device integrated with ChatterPTT.

On July 14, 2022, we announced that we launched a new product, a Siyata High Power User Equipment antenna, in conjunction with Assured Wireless Corporation.

On July 18, 2022, we announced that we signed an agreement with Spain's Wireless Zeta Telecomunicaciones, S.L., or Azetti, to offer the Company's SD7 rugged mission-critical push-to-talk device through Azetti's existing enterprise sales channels.

On July 26, 2022, we announced our SD7 rugged mission-critical push-to-talk device became available for customers who need the integrated industry-leading PTT solutions from TASSTA, a global MCPTT software provider and end-to-end solution for critical communications.

On July 28, 2022, we announced that our SD7 rugged push-to-talk over cellular devices were used to provide critical emergency communications services for the World Athletics Championships "Oregon22" summer games.

On September 1, 2022, we announced that we had received a notification letter dated August 26, 2022 from the Listing Qualifications Department of Nasdaq, notifying us that we were currently not in compliance with the minimum bid price requirement set forth under Nasdaq Listing Rule 5550(a)(2), resulting from the fact that the closing bid price of the Company's Common Shares were below \$1.00 per share for a period of 30 consecutive business days. Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company was given a compliance period of 180 calendar days, or until February 22, 2023 (the "Compliance Period"), to regain compliance with Nasdaq's minimum bid price requirement. The Company did not regain compliance with the minimum \$1.00 bid price per share requirement during the first 180-calendar-day Compliance Period and submitted a written request to the Nasdaq to afford it an additional 180-day compliance period to cure the deficiency.

On September 8, 2022, we announced that our SD7 rugged mission-critical push-to-talk device became able to be integrated with CrisisGo Inc.'s Panic App, giving teachers instant access to first responders with a single push of a button.

On September 22, 2022, we announced that we received a purchase order from a federal government contractor who will provide Uniden® cellular booster kits and accessories to the U.S. Navy.

On October 26, 2022, we announced that its SD7+ ruggedized handset would soon be powered with Visual Labs Inc.'s innovative body camera software, eliminating the need for users to carry two separate devices (a communication device and a body camera), creating an ideal upgrade solution from legacy land mobile radio technologies or proprietary stand-alone body cameras.

On October 31, 2022, we announced that we hired telecom industry veteran Dan Leech to join the Company's sales team.

On November 16, 2022, we announced that Bell Mobility Inc., a leading wireless operator in Canada with more than 10 million subscribers and a division of Bell Canada, agreed to launch Siyata's rugged SD7 device onto their network in the fourth quarter 2022.

On December 6, 2022, we announced that we added DCS 2 Way Radio Ltd. doing business as RadioTrader, the UK's and Ireland's premier two-way radio supplier, as a distributor of our SD7 ruggedized, mission critical PoC device and VK7 vehicle kit accessory in the United Kingdom and Ireland.

## **Outlook**

Siyata has laid the foundation for greater distribution with expanded partnerships, key new sale hires, and expanded product offerings into North America. The pandemic caused by COVID-19 slowed the company's growth plans for 2021, however business has resumed in 2022 in all three product categories. Management is hopeful that this

momentum will continue, in particular, as it leverages its key sales channels, and with its expanded and refreshed product offerings.

54

**Uniden® UV350** | Many large-scale programs were delayed due to the pandemic, therefore creating pent-up demand for this disruptive solution. Active engagements including many customer trials have resumed in 2022 which should translate into robust growth in this product line.

**Rugged Handsets** | Siyata's rugged handsets are targeted to the approximately 47 million enterprise task and public sector workers across North America including construction, transport and logistics, manufacturing, energy and utility, public safety, and federal government. To date, Siyata has sold its rugged handsets only in international markets. Siyata expanded its footprint in this product category with the launch of the SD7 device, in the fourth quarter of 2021 in North America. The SD7 is a next-generation device and Siyata's first mission-critical push-to-talk handset. [Source: U.S. Department of Transportation, VDC Research.]

**Cellular Boosters** | The pandemic has helped fuel strong demand for Siyata's boosters in 2020 and 2021. This momentum accelerated in 2022 with programs with existing customers and expanding opportunities in new verticals.

**The following highlights and developments for the three months ended March 31, 2023:**

On January 9, 2023, we announced that T-Mobile US, Inc. planned to launch Siyata's rugged SD7 device onto T-Mobile's United States IoT network in the first quarter 2023.

On January 18, 2023, we announced that we received follow-on orders from an existing customer, a leading Saudi Arabian cellular carrier, for our Uniden® UV350, a 4G/LTE all-in-one in-vehicle communication device.

On January 23, 2023, we announced that we received an order for our next-generation mission critical push-to-talk solution, which includes its SD7 device and related accessories, from a multi-billion-dollar, integrated resort and residential property development located in The Bahamas.

On February 21, 2023, we announced that we had received an order for \$750,000 for its next-generation MCPTT solution to equip an independent emergency management service provider. The order included the Company's SD7 devices and related accessories.

On February 23, 2023, the Company received written notification from the Listing Qualifications Department of Nasdaq granting the Company's request for a 180-day extension to regain compliance with Nasdaq's minimum bid price requirement. The Company now has until August 21, 2023 to meet the requirement. If at any time prior to August 21, 2023, the bid price of the Company's Common Shares closes at \$1.00 per share or more for a minimum of 10 consecutive business days, the Company will regain compliance with the Bid Price Rule.

On February 27, 2023, we announced that we had launched the Siyata T600 Cellular Booster for T-Mobile 5G enterprise customers.

On March 6, 2023, we announced that we had successfully donated and deployed its mission critical push-to-talk solution for security and volunteer personnel at the 2023 Special Olympics New York Winter Games in Syracuse, New York.

On March 13, 2023, we announced that we would host an exhibitor's booth at the International Wireless Communications Expo, or IWCE, 2023. Siyata Mobile will be showcasing our new SD7 Mission Critical Push-To-Talk solution, the SD7+ MCPTT with built in Body Camera and accessories in booth 2125 through the main entrance of the IWCE Welcome Pavilion from March 27-30 at the Las Vegas Convention Center, in the North Hall.

On March 20, 2023, we announced the successful certification and approval of its mission-critical PoC SD7 solution by Telstra, Australia's largest wireless carrier.

55

On March 22, 2023, we announced the hiring of Zoila Hernandez as Director of Sales. Ms. Hernandez served as Development Manager for AT&T FirstNet®, a nationwide wireless communications network that was designed and built specifically for first responders. Previously, she served in various senior sales roles throughout the AT&T organization, having joined that firm in 1998.

On March 27, 2023, Siyata announced it is collaborating with CrisisGo to introduce cellular-based paging services.

### **Subsequent Events**

On April 3, 2023, Siyata announced it had received an order from a US school district, its largest order to date in the Education vertical.

On April 17, 2023, Siyata announced it is accelerating European rollout of SD7 with Entropia Investments BV is commencing to sell Siyata's SD7 solution.

On April 24, 2023, Siyata announced it has expanded its reseller network for SD7 with the addition of a leading US distributor called Two Way Direct who serves the two-way radio market.

On April 25, 2023, Siyata announced it is participating in 1x1 meetings at the inaugural EF Hutton Global Conference.

On April 26, 2023, Siyata announced its wholly-owned subsidiary, Signifi Mobile, Inc., entered into a Full Factoring Agreement for its accounts receivable with a private Canadian lending company as of April 21, 2023. Under the agreement, Signifi will assign virtually all of its accounts receivable up to \$2.0 million to the lender who will pay Signifi 85% of the receivable balance and will charge a fee of 1.8% if the account is not collected in the first 30 days plus additional fees for late payments every 10 days and after 90 days.

On April 27, 2023, Siyata filed Form 12b-25 on Form NT 20-F with the SEC.

On May 3, 2023, Siyata announced its wholly-owned subsidiary, Signifi Mobile, Inc., received a purchase order for over \$900,000 to supply a U.S. public school district with its mission-critical PoC (MCPTT) SD7 handsets and accessories.

On May 16, 2023, Siyata announced its Q4 2022 and full year 2022 financial results.

On May 17, 2023, Siyata announced that KPN Royal Dutch Telecom ("KPN") in the Netherlands are now selling the Siyata SD7 Handset.

On May 22, 2023, Siyata announced its participation in Critical Communications World tradeshow, held in Helsinki, Finland on May 23 to 25, 2023.

On May 24, 2023, Siyata announced its Q1, 2023 financial results.

On May 31, 2023, Siyata announced that it is presenting at the 13<sup>th</sup> annual LD Micro Invitational conference in Los Angeles, California from June 6 to 8, 2023.

On June 1, 2023, Siyata announced it had received an order from an Emergency Medical Services (“EMS”) organization for \$1.2 million for In-Vehicle devices and for a new product called Siyata Real Time View, an in-fleet video monitoring solution.

On June 5, 2023, Siyata announced aggregate orders of \$400,000 for its SD7 Handset and VK7 Vehicle Kit from the verticals of healthcare, education, and construction.

On June 12, 2023, Siyata announced that Minnesota Coaches, Inc, a privately held motor coach and school bus transportation company, has taken delivery of its first order of SD7 Handsets and VK7 Vehicle Kits.

56

On June 14, 2023, Siyata announced a new product called the Siyata Mobile Command Center for in-field communications for EMS organizations.

On June 15, 2023, Siyata announced its participation to showcase its SD7 Handset and VK7 Vehicle Kit in the Minnesota School Bus Operators Association’s Annual Summer Conference in Alexandria, Minnesota on June 19 to 21, 2023.

On June 20, 2023, Siyata announced that Mobile Tornado Group Plc will offer its robust PTT application on the Siyata SD7 Handset.

On June 21, 2023, Siyata announced its participation with CrisisGo to show its Mission Critical PTT and Emergency Response Management capabilities at NASRO 2023, a National School Safety Conference in Indianapolis, Indiana on June 28 to 29, 2023.

On June 22, 2023, Siyata announced new aggregate orders of approximately \$600,000 for its Siyata SD7 Handset and VK7 Vehicle Kit in the vertical markets of education, construction, and logistics.

On June 27, 2023, Siyata announced the pricing of a new public offering of 50 million common shares at \$0.045 per share. The gross proceeds to Siyata before fees, commissions, and expenses are expected to be \$2.25 million, closing on or about June 28, 2023.

On July 6, 2023, Siyata announced the receipt of its single largest order for SD7 Handsets of \$1.4 million, to be delivered in the second half of 2023.

On July 11, 2023, Siyata announced that it had entered into a securities purchase agreement with certain institutional investors to purchase 51.45 million common shares at a price of \$0.045 per share. The gross proceeds to Siyata before fees, commissions, and expenses are expected to be \$2.3 million, closing on or about July 13, 2023.

On July 12, 2023, Siyata announced that its 2023 Annual General Meeting of its stockholders will be held on Thursday August 3, 2023 at 1 pm ET.

On July 18, 2023, Siyata announced it had received orders from two large North American waste management companies for its SD7 Handset and VK7 Vehicle Kit, and for its UV350 In-Vehicle Device.

On July 20, 2023, Siyata announced its participation in APCO 2023, which is APCO’s International Annual Conference and Expo for public safety communications officials to be held on August 6 to 9, 2023, in Nashville, Tennessee.

On July 25, 2023, Siyata names public safety advocate and Business Development executive Doug Clark, formerly from AT&T FirstNet, as its new Assistant Vice President, Sales and Marketing.

See also Item 4. A. “Information on the Company – History and Development of the Company.”

## Summary Of Quarterly Results

The following unaudited table sets out selected financial information for the Company on a consolidated basis for the last eight most recently completed quarters.

	Quarter Ended							
	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022 (restated)	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
<b>Income/(loss)</b>	(4,877,999)	(6,588,309)	(527,948)	(4,304,088)	(3,878,909)	(4,979,661)	(5,667,937)	(10,862,538)
<b>Comprehensive income/(loss) for the period</b>	(4,877,999)	(6,589,329)	(390,838)	(4,278,102)	(3,903,377)	(4,833,795)	(5,677,274)	(10,927,718)
<b>Loss per share</b>	(0.08)	(0.17)	(0.03)	(0.29)	(0.30)	(0.99)	(1.18)	(2.26)

57

## RESTATED RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023

The following is an analysis of the Company's restated operating results for the three months ended March 31, 2023, and includes a comparison against the three months ended March 31, 2022.

### Operations:

**Revenues** for the three months ended March 31, 2023, were \$1,802,637 compared to \$832,974 for the three months ended March 31, 2022. This increase of \$969,663 (116%) is due mainly to the increase in the sale of rugged devices as a result of the launching of the SD7 in 2022 of \$995,000 or 268% increase, offset by a \$25,337 decrease in sales of boosters in the same period.

**Cost of sales** for the three months ended March 31, 2023, were \$1,306,120 compared to \$577,923 for the three months ended March 31, 2022. The gross margin dollars for the three months ended March 31, 2023 and March 31, 2022 was \$496,517 (27.5% of sales) and \$255,051 (30.6% of sales), respectively, a positive variance in gross margin by \$241,466 (3.1% decrease in gross margin percentage). This relates to the increase in sales of rugged and in-vehicle cellular devices at lower margins compared to the sale of industrial boosters in the USA marketplace at slightly higher margins.

**Amortization and depreciation costs** for the three months ended March 31, 2023, were \$401,640 compared to \$124,505 for the three months ended March 31, 2022, respectively, a negative variance of \$277,135. This negative variance is due to the increased intangible asset amortization that began for the SD7 in late 2022 of \$298,980 offset by the decrease in the right of use amortization in the period by \$21,845.

**Development expenses** for the three months ended March 31, 2023, were \$53,985 compared to \$123,316 for the three months ended March 31, 2022, respectively. This positive variance is due to the decrease of the development costs incurred on the company's rugged device development program that did not meet the criteria for capitalization was lower in 2022 due to more focused development activities on capitalizable products.

**Selling and marketing costs** for the three months ended March 31, 2023, were \$1,003,365 compared to \$1,045,061 for the three months ended March 31, 2022 respectively. This positive variance of \$41,686 is due mainly

to the decrease in promotional costs of \$148,686, offset by both an increase in our U.S. sales team headcount of \$87,000 and increased travel expense of \$20,000.

**General and administrative** costs for the three months ended March 31, 2023, were \$1,392,430 compared to \$1,659,079 for the three months ended March 31, 2022, respectively. This positive variance of \$266,649 (16%) relates mainly to the decrease consulting and director's fees of \$156,000 due to no bonuses paid in 2023, decreases in insurance included in office and general of \$116,000, decrease in investor relations costs of \$193,000, the decrease of \$22,000 in travel costs, offset by an increase in professional services costs of \$188,000 related to both the increase in fees for U.S. securities attorney and the additional costs for the annual PCAOB audit, increase of \$26,000 in salaries expense related to additional employees, in 2023, a \$6,351 increase in regulatory and filing fees.

**Inventory Impairment** costs for the three months ended March 31, 2023, were \$NIL compared to \$64,336 for the three months ended March 31, 2022, respectively.

**Bad debts** for the three months ended March 31, 2023, were \$NIL compared to a recovery of \$7,358 for the three months ended March 31, 2022, respectively.

**Share-based** compensation costs for the three months ended March 31, 2023, were \$310,828 compared to \$812,735 for the three months ended March 31, 2022, respectively. The decrease in share-based compensation relates to the valuation of stock options vested during the prior year period due to the issuance in Q1 2022 of 600,000 RSU's to directors and officers that vested immediately.

58

**Finance expenses** for the three months ended March 31, 2023, were \$34,098 compared to \$26,987 for the three months ended March 31, 2022, respectively. This negative variance of \$7,111 consists of negative variance in other interest and bank charges of 1,728, negative variance interest on lease obligations of \$12,603, offset by decrease in bank loan interest of \$7,220.

**Foreign exchange loss** for the three months ended March 31, 2023, were \$163 compared to a gain of \$87,660 for the three months ended March 31, 2022, respectively. This variance resulted from foreign currency fluctuations in the period.

**Transaction costs** for the three months ended March 31, 2023, were \$NIL compared to \$965,247 for the three months ended March 31, 2022, respectively. In 2022, transaction cost related to share issuance costs incurred on the two equity raises undertaken in the year, which were allocated to the warrant liability and expensed when incurred.

**Change in fair value of the convertible promissory note** for the three months ended March 31, 2023, were \$NIL compared to \$2,680,457 for the three months ended March 31, 2022, respectively. In 2022, this resulted from both the repricing of the convertible feature of the promissory note when other capital raises reduced the convertible price and due to the full repayment of the promissory note via the issuance of share capital whose formula in the agreement between the parties required between 80%-90% of the lowest 5 day VWAP in a thirty day period which resulted in a significant fair value loss in the year.

**Change in fair value of the warrant liability** for the three months ended March 31, 2023, were \$2,178,007 compared to a gain of \$3,272,735 for the three months ended March 31, 2022, respectively. The three months ended 2023 amount relates to the inducement warrant fair value loss of \$2,875,580 plus the transaction costs for the warrant exercise and re-issuance of \$309,000 included in change in fair value plus the actual change in fair value for the period of a gain of \$1,006,573. During the year ended December 31, 2022 additional warrants were issued which met the definition of a liability.

**Net loss for the period**

The Company experienced a restated net loss for the three months ended March 31, 2023, were \$4,877,999 compared to a net loss of \$3,878,909 for the three months ended March 31, 2022, respectively, a negative variance of, (\$999,090). This negative variance was due mainly to an increase in the fair value loss on financial derivatives of \$2,770,285, increase in foreign exchange of \$87,823, increase in finance expenses of \$7,111, increase in bad debt expense by \$7,358, and an increase in amortization of \$277,135 offset by a decreases in inventory impairment of \$64,336, decrease in development expense of \$69,331, decrease in share-based payments of \$501,907, a decrease in selling expenses of \$41,686, increase in gross margin of \$241,466 and a decrease in G&A expenses of \$266,649.

### **Loss and comprehensive loss for the period**

As a result of the activities discussed above, the Company experienced a restated comprehensive loss for the three months ended March 31, 2023, were \$4,877,999 versus \$3,903,377 for the three months ended March 31, 2022, respectively, representing a negative variance of \$974,622.

### **Adjusted EBITDA**

For the three months ended March 31, 2023, the adjusted EBITDA is negative (\$1,953,263) versus negative (\$2,629,373) in the prior year period, a positive variance of \$676,110. Adjusted EBITDA is defined as the net operating loss excluding depreciation and amortization, intangible impairment, goodwill impairment and share-based compensation expense. It is a non-IFRS calculation that should be compared to our audited financial information included elsewhere in this Annual Report.

## **B. Liquidity and Capital Resources**

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company has historically financed its operations primarily through a combination of demand loans and the sale of share capital by way of private placements.

As at March 31, 2023 the Company had a cash balance \$1,179,694 (Dec 31, 2022-\$1,913,742). The Company had an accumulated deficit of \$82,696,662 (Dec 31, 2022-\$77,818,663) and working capital of \$4,161,566 (December 31, 2022-\$1,643,434).

Restated net cash flows related to operating activities used in the three month period ended March 31, 2023 and three months ended March 31, 2022 were negative (\$3,112,570) and negative (\$6,707,274), respectively. The decrease in cash used of \$3,594,704 was primarily due to the decrease in the change in non-cash working capital items of \$2,088,942, the decrease in foreign exchange of \$11,666, a decrease of net loss including addbacks of \$1,494,096.

The non-cash working capital variances consisting of decrease in trade and other receivables of \$463,505, increase in prepaids of \$491,942, decrease in inventory of \$528,510, an increase in advances to suppliers of \$519,709, a decrease in accounts payable and accrued liabilities of \$967,476 and a decrease in deferred revenue of \$149,600.

Restated net cash flows used in investing activities in three month period ended March 31, 2023 and three months ended March 31, 2022 were negative (\$820,347) and negative (\$894,593), respectively. A positive variance of \$74,246. This positive variance relates primarily to the acquisition in q1 2022 of ClearRF of \$155,014 that did not recur in 2023, offset by an increase in intangible asset additions of \$78,270, and the increase in fixed asset additions of \$2,498.

Restated net cash flows used in financing activities in the three month period ended March 31, 2023 and three months ended March 31, 2022 were \$3,198,869 and \$15,180,494, respectively. A negative variance of \$11,981,625 relates to increase in Q1 2022 net proceeds of share capital raises after share issuance costs of \$15,677,813, and an increase in cash transaction costs of \$309,000, offset by both the \$4,000,000 reduction in the convertible promissory note, and a \$5,188 decrease in the lease payments and bank loan.



The future success of the Company is dependent on the continued success of its vehicle mounted communications products, its mobile rugged phones and its booster products together with the ability to finance the necessary working capital, at agreeable terms, to support the growth of the business.

The Company's restated unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These restated unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## **SHARE CAPITAL**

### **(a) Authorized** Unlimited number of Common Shares without par value

#### **Issued and Outstanding:**

As at March 31, 2023, the Company had 62,911,417 common shares issued and outstanding (December 31, 2022 – 44,868,560).

As of the date of issuance of these financial statements total outstanding common shares is 185,393,404 pre 100-to-1 reverse stock split (1,853,955 after the reverse split that was effective as of August 9, 2023).

60

*Transactions for the three months ended March 31, 2023 are as follows:*

- The Company issued 18,042,857 common shares on the exercise of various warrants for gross proceeds of \$3,608,571. Additionally, the Company issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 30, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 17,116,987 common shares were issued for cashless warrants subsequent to March 31, 2023.

As of the date of these restated unaudited condensed interim financial statements total outstanding common shares is 1,853,955 post 100-to-1 reverse split that was effective as of August 9, 2023, (185,393,404 pre-split).

### **(b) Common share transactions**

*Transactions for the three months ended March 31, 2023 are as follows:*

- The Company issued 18,042,857 common shares on the exercise of various warrants for gross proceeds of \$3,608,571. Additionally, the Company issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 30, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 21,031,987 common shares were issued for cashless warrants subsequent to March 31, 2023.

Transaction subsequent to the quarter ended March 31, 2023 is as follows:

- On June 28, 2023 the Company issued 50,000,000 at \$0.045 per share for gross proceeds of \$2,250,000 before offering expenses and other expenses included in share issuance costs.

- On July 13, 2023, the Company issued 51,450,000 shares at \$0.045 per share for gross proceeds of \$2,315,250.
- On August 3, 2023, the Company affected a 100-to-1 reverse stock split resulting in 185,393,404 shares converted with rounding into 1,853,955 shares.

*Transactions for the three months ended March 31, 2022 are as follows:*

- On January 11, 2022, the Company completed an underwritten public offering in the United States, raising a total of \$20,013,043 in gross proceeds. The Company allocated the gross proceeds firstly to the warrant liabilities, with the remainder to the common shares. Direct costs have been allocated based on the percentage allocation of the proceeds. The underwritten public offering resulted in the sale to the public of 7,215,652 Units at \$2.30 per Unit, with each Unit being comprised of one common share and one warrant (the “Unit Warrants”) exercisable at \$2.30 per share. The Unit warrants are exercisable immediately and have a term of 5 years. Gross proceeds of \$10,936,974 were allocated to the common shares, and \$5,395,878 to the unit warrants liability.

In addition, the Company issued 1,480,000 pre-funded units (“Pre-Funded Units”) at \$2.29 per Pre-Funded Unit. Each Pre-Funded Unit is comprised of a one-pre-funded warrant (a “Pre-Funded Warrant”) to purchase one common share, and one warrant to purchase one common share. The Pre-Funded Warrant allows the holder to acquire one common share of the Company at an exercise price of \$0.01 per common share, and a warrant to purchase a common share at an exercise price of \$2.30 per share. The warrants are exercisable immediately and have a term of 5 years. Each Pre-Funded Warrant is exercisable immediately and is exercisable until all Pre-Funded Warrants are exercised. Proceeds of \$2,560,400 were allocated to the pre-funded warrants and \$1,106,747 to the unit warrants in the warrant liability.

61

**(b) Common share transactions (cont’d)**

The Company determined that the pre-funded warrants within the Pre-funded Units are common shares in substance, as they require only a minimal exercise price of \$0.01. In addition, the underwriting agreement includes both the Units and Pre-funded Units and were negotiated together in the equity raise. Given that the purpose of the Pre-funded Unit is in substance the same as that of the Unit (i.e., resulting in the ownership of both common shares and common share warrants) and that the terms of the warrants in both the Units and Pre-funded Units are the same (i.e., the obligations of the Company for the units are the same), the Company determined that the Units and Pre-funded Units are closely related and should be combined into one unit of account for the purposes of allocating proceeds.

Therefore, the proceeds from the sale of the Units and Pre-funded Units are combined and allocated among the common shares, pre-funded warrants, and the common share warrants using the residual method, with the warrant liability being initially recognized at fair value as of the registration date and the residual amount being allocated to the common shares (i.e., equity).

62

**(b) Common share transactions (cont’d)**

The Company concurrently sold an additional 1,304,347 warrants to purchase 1,304,347 common shares exercisable at \$2.30 per share (the “Option Warrants”) pursuant to an over-allotment option exercised by the

underwriter. The exercise price of the warrants issued in connection with the exercise of the over-allotment option was \$0.0097 per warrant. Each Option Warrant is exercisable immediately and has a term of five years from the issue date. Proceeds of \$975,393 were allocated to the option warrant liability. As the fair value of the warrant liability exceeded the proceeds received on the warrants of \$13,043, a fair value loss of \$962,350 was recognized in the statement of profit and loss as a fair value change in the opening warrant liability.

The fair value of the common shares and pre-funded units was determined by reference to the market price on the day of the offering, which was \$1.73 per share. The Unit Warrants, Warrants, and Option Warrants were valued using the Black-Scholes model using the following assumptions: initial stock price \$1.73, strike rate \$2.30, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company also issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the "Placement Agent Warrants"), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company assessed that the warrants issued under the public offering, excluding the Placement Agent Warrants did not meet the "fixed for fixed" test and are therefore reported as liabilities at fair value through profit and loss, and revalued at the end of each period. The Placement Agent Warrants were assessed under IFRS 2 *Share Based Payments*, as equity-settled share-based payments and have been recorded in equity.

The direct costs related to the issuance of the common shares and warrants issued in the January 2022 underwritten public offering were \$2,016,895, including the value of the Placement Agent Warrants. Direct costs of \$965,248 were allocated to the warrant liability and expensed immediately in profit and loss. During the period, 1,480,000 Pre-Funded Warrants were exercised for gross proceeds of \$14,800, converting into 1,480,000 common shares that were fully issued.

Therefore, the proceeds from the sale of the Units and Pre-funded Units are combined and allocated among the common shares, pre-funded warrants, and the common share warrants using the residual method, with the warrant liability being initially recognized at fair value as of the registration date and the residual amount being allocated to the common shares (i.e., equity).

The Company concurrently sold an additional 1,304,347 warrants to purchase 1,304,347 common shares exercisable at \$2.30 per share (the "Option Warrants") pursuant to an over-allotment option exercised by the underwriter. The exercise price of the warrants issued in connection with the exercise of the over-allotment option was \$0.0097 per warrant. Each Option Warrant is exercisable immediately and has a term of five years from the issue date. Proceeds of \$975,393 were allocated to the option warrant liability. As the fair value of the warrant liability exceeded the proceeds received on the warrants of \$13,043, a fair value loss of \$962,350 was recognized in the statement of profit and loss as a fair value change in the opening warrant liability.

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The Company also issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the "Placement Agent Warrants"), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company assessed that the warrants issued under the public offering, excluding the Placement Agent Warrants did not meet the “fixed for fixed” test and are therefore reported as liabilities at fair value through profit and loss, and revalued at the end of each period. The Placement Agent Warrants were assessed under IFRS 2 *Share Based Payments*, as equity-settled share-based payments and have been recorded in equity.

The direct costs related to the issuance of the common shares and warrants issued in the January 2022 underwritten public offering were \$2,016,895, including the value of the Placement Agent Warrants. Direct costs of \$965,248 were allocated to the warrant liability and expensed immediately in profit and loss. During the period, 1,480,000 Pre-Funded Warrants were exercised for gross proceeds of \$14,800, converting into 1,480,000 common shares that were fully issued.

- On March 31, 2022, as part of the ClearRF acquisition (Note 3), the Company issued 138,958 shares to the vendor with a fair value of \$190,094.

### Stock Options:

The Company has a shareholder-approved “rolling” stock option plan (the “Plan”) in compliance with Nasdaq policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 15% of the total number of issued and outstanding Common Shares on a fully diluted basis at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant, less a discount of up to 25%. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

A summary of the Company’s stock option activity at March 31, 2023 is as follows:

	Number of stock options	Weighted Average Exercise Price
<b>Outstanding options, December 31, 2021</b>	<b>414,568</b>	<b>\$ 13.88</b>
Granted	1,145,000	\$ 1.15
Expired/Cancelled	(53,430)	\$ 30.90
<b>Outstanding options, December 31, 2022 and March 31, 2023</b>	<b>1,506,138</b>	<b>\$ 3.53</b>

*Transactions for the three months ended March 31, 2022 are as follows:*

On January 1, 2022, the Company granted 20,000 stock options at \$4.00 per share that vest in 8 equal quarterly periods with the first vesting occurring on the grant date. The fair value on the date of the grant was \$54,480 (\$2.724 per option).

As of March 31, 2023 stock options outstanding are as follows:

Grant Date	Number of options outstanding	Number of options exercisable	Weighted Average Exercise Price	Expiry date	Remaining contractual life (years)
24-Dec-18	12,896	12,896	\$ 54.00	24-Dec-23	0.63
15-Jan-19	828	828	\$ 54.00	15-Jan-24	0.69
21-Mar-19	12,345	12,345	\$ 59.00	21-Mar-24	0.87
01-Jan-20	2,069	2,069	\$ 54.00	01-Jan-24	0.65

15-Nov-20	95,000	95,000	\$ 6.00	15-Nov-30	7.53
15-Nov-20	161,500	161,500	\$ 6.00	15-Nov-25	2.52
02-Jan-21	57,000	57,000	\$ 11.50	02-Jan-26	2.65
02-Jan-21	5,000	5,000	\$ 11.50	02-Jan-31	7.66
18-Jan-21	14,500	14,500	\$ 11.50	18-Jan-26	2.70
01-Jan-22	20,000	12,500	\$ 4.00	29-Oct-26	3.48
13-Apr-22	795,000	265,000	\$ 1.10	13-Apr-27	3.93
12-Jul-22	330,000	110,000	\$ 1.10	12-Jul-25	2.18
<b>Total</b>	<b>1,506,138</b>	<b>748,638</b>	<b>\$ 3.53</b>		<b>3.51</b>

### Restricted Share Units (“RSUs”)

The Company approved on February 14, 2022, an amended and restated equity incentive plan which permits the issuance of restricted share units in addition to stock options.

A summary of the Company’s restricted share unit activity during the year ended December 31, 2022 and for the interim period of March 31, 2023 is as follows:

	Number of RSU’s	Weighted Average Issue Price
<b>Outstanding RSU, December 31, 2021</b>	-	\$ -
Granted	3,195,000	\$ 1.05
Exercised	(30,000)	\$ 1.10
<b>Outstanding RSU, December 31, 2022 and March 31, 2023</b>	<b>3,165,000</b>	<b>\$ 1.05</b>

As at March 31, 2023 restricted share units outstanding are as follows:

<u>Grant Date</u>	<u>Number of RSU’s outstanding</u>	<u>Number of RSU’s exercisable</u>	<u>Weighted Average Issue Price</u>
09-Mar-22	2,250,000	1,050,000	\$ 1.03
13-Apr-22	825,000	416,250	\$ 1.10
12-Jul-22	90,000	22,500	\$ 1.10
<b>Outstanding RSU, December 31, 2022 and March 31, 2023</b>	<b>3,165,000</b>	<b>1,488,750</b>	<b>\$ 1.05</b>

*Transactions for the three months ended March 31, 2022, are as follows:*

- On March 9, 2022, the Company granted 450,000 RSU’s to Directors that vest immediately. On the date of granting, the fair value and stock price was \$1.03/share.

On March 9, 2022, the Company granted 1,800,000 RSU’s to a Director that vest quarterly over 12 periods with the first vesting of 150,000 RSU’s occurring on the date of the granted and another 150,000 vest every three months until all of the granted RSU’s have vested. On the date of granting, the fair value and the stock price was \$1.03/share.

### Agent’s options

A summary of the Company's agents' options activity for the year ended December 31, 2022 is as follows:

	Number of options	Weighted average exercise price
<b>Outstanding agent options, December 31, 2020</b>	<b>452,523</b>	<b>8.02</b>
Expired	(6,597)	52.68
<b>Outstanding agent options, December 31, 2021</b>	<b>445,926</b>	<b>\$ 7.51</b>
Granted	487,283	2.51
Expired	(1,702)	20.49
<b>Outstanding agent options, December 31, 2022 and March 31, 2023</b>	<b>931,507</b>	<b>\$ 4.12</b>

As at March 31, 2023, agent's options outstanding and exercisable are as follows:

Grant Date	Number of options outstanding	Number of options exercisable	Weighted Average Exercise Price	Expiry date	Remaining contractual life (years)
29-Sep-20	113,500	113,500	\$ 6.60	28-Sep-25	2.00
29-Sep-20	266,000	266,000	\$ 6.85	28-Sep-25	2.00
31-Dec-20	64,724	64,724	\$ 11.50	30-Jun-24	1.00
11-Jan-22	434,783	434,783	\$ 2.53	11-Jan-27	4.00
01-Apr-22	52,500	52,500	\$ 2.30	08-Mar-27	4.00
<b>Total</b>	<b>931,507</b>	<b>931,507</b>	<b>\$ 4.12</b>		<b>2.98</b>

Transactions for the three months ended March 31, 2022 are as follows:

- The Company issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the "Placement Agent Warrants"), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%. The Company also issued 52,500 agent's options with a fair value of \$61,950 with an exercise price of \$2.30.

#### Share Purchase Warrants:

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted average exercise price
<b>Outstanding, December 31, 2021</b>	<b>5,121,328</b>	<b>\$ 7.64</b>
Granted	29,139,129	\$ 0.94
Expired	(128,386)	\$ 33.47
<b>Outstanding, December 31, 2022</b>	<b>34,132,071</b>	<b>\$ 1.76</b>
Granted	18,042,857	0.20
Exercised	(18,042,857)	0.20

<b>Outstanding, March 31, 2023</b>	<b>34,132,071</b>	<b>\$ 1.47</b>
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As of March 31, 2023, share purchase warrants outstanding and exercisable are as follows:

<b>Grant Date</b>	<b>Number of Warrants outstanding and exercisable</b>	<b>Exercise Price</b>	<b>Expiry date</b>
29-Sep-20	1,805,585	\$ 6.85	28-Sep-25
31-Dec-20	1,294,500	\$ 11.50	30-Jun-24
11-Jan-22	9,999,999	\$ 2.30	11-Jan-27
12-Oct-22	1,250,000	Cashless	11-Jan-27
12-Oct-22	1,739,130	Cashless	11-Jan-27
19-Jan-23	18,042,857	Cashless	18-Jan-28
<b>Total</b>	<b>34,132,071</b>	<b>\$ 1.47</b>	

As of the date of this MD&A, share purchase warrants outstanding and exercisable are as follows:

<b>Grant Date</b>	<b>Number of Warrants outstanding and exercisable</b>	<b>Exercise Price</b>	<b>Expiry date</b>
29-Sep-20	1,805,585	\$ 6.85	28-Sep-25
31-Dec-20	1,294,500	\$ 11.50	30-Jun-24
11-Jan-22	9,999,999	\$ 2.30	11-Jan-27
<b>Total</b>	<b>13,100,084</b>	<b>\$ 3.84</b>	

*Transactions for the three months ended March 31, 2023 are as follows:*

- 18,042,857 warrants were exercised. The Company issued 18,062,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 31, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 21,031,987 cashless warrants were exercised subsequent to March 31, 2023.

*Transactions for the three months ended March 31, 2022 are as follows:*

- 128,386 share purchase warrant expired in 2022.
- On January 11, 2022 as part of an underwritten public offering, the Company issued a total of 9,999,999 share purchase warrants, exercisable at \$2.30 per warrant and with a term of five years.

## FINANCIAL INSTRUMENTS

The fair values of the Company's cash, trade and other receivables, accounts payable and accrued liabilities and long-term debt, approximate carrying value, which is the amount recorded on the consolidated statement of financial position.

### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company places its cash with institutions of high creditworthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 34% of the Company's revenue for the three months ended March 31, 2023 (March 31, 2022 -23%) is attributable to sales transactions with a single customer.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. In prior years, certain key customers were offered extended payment terms on their purchases due to slow down from Covid-19 and budget approvals for government tenders.

As a result, the Company had customers with overdue receivables on their books which resulted in the Company taking a bad debt provision on these overdue receivables which amounted to \$1,062,052 at March 31, 2023 (March 31, 2022 - \$1,056,393).

More than 40% (2022 – 18%) of the Company's customers have been active with the Company for over four years, and the allowance for doubtful accounts of \$1,062,052 (2022 - \$1,056,393) has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity, and the existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Company.

The carrying amount of financial assets represents the maximum credit exposure, notwithstanding the carrying amount of security or any other credit enhancements.

### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs, and it is careful at all times to have enough unused credit facilities so that the Company does not exceed its credit limits and is in compliance with its financial covenants (if any). These forecasts take into consideration matters such as the Company's plan to use debt for financing its activity, compliance with required financial covenants, compliance with certain liquidity ratios, and compliance with external requirements such as laws or regulation.



The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

With the exception of employee benefits, the Company's accounts payable and accrued liabilities have contractual terms of 90 days. The employment benefits included in accrued liabilities have variable maturities within the coming year.

### **Market risk**

#### *a) Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

#### *a) Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates is currently immaterial as the Company's debt bears interest at fixed rates.

#### *b) Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **C. Research and development, patents and licenses, etc.**

#### ***Research and development***

The Company undertakes research activities that present the prospect of gaining new scientific or technical knowledge and understanding, and the Company's development activities involve a plan or design for the production of new or substantially improved products and processes. The Company conducts its own research and development with its internal engineering teams in Israel and complements that effort with subcontractors for both its hardware and software development. The Company analyzes market trends, evaluates emerging wireless technologies, and innovates to address anticipated customer needs.

#### ***Patents***

The Company owns two patents that it acquired from Clear RF and the Corporation has entered into several licensing agreements for the use of a trademark and certain patents.

In March 2021, the Corporation, through a wholly-owned subsidiary of Signifi Mobile Inc., the Corporation's wholly-owned subsidiary, also acquired all of the outstanding units of Clear RF LLC ("ClearRF"), a Washington State limited liability company, for a total purchase price of \$700,000. The purchase price which was satisfied by the issuance of approximately \$389,970 in Common Shares and a payment of \$310,030 in cash. ClearRF produces M2M (machine-to-machine) cellular amplifiers for commercial and industrial M2M applications, and offers patented direct connect cellular amplifiers and patented auto gain & oscillation control designed for M2M and "internet-of-things"

(“IoT”) applications. ClearRF’s flagship product is a 4G LTE direct connect cellular amplifier designed specifically for fixed and mobile M2M and IoT applications, used to connect directly to any cellular router, modem, embedded module, or alarm panel.

### ***Licensing Agreements***

#### *Licensing Agreement with Uniden® America Corp*

In December 2012, Signifi Mobile Inc., the Corporation’s wholly-owned subsidiary, entered into a license agreement (as amended, the “**Uniden Agreement**”) with Uniden America Corporation (“**Uniden**”). The Uniden Agreement includes renewal options up to December 31, 2022, and has been successively renewed to date.

The Uniden Agreement, as in effect currently, provides the Corporation with the exclusive right to use the trademark “Uniden®” (along with associated designs and trade dress) and distribute, market, and sell its in-vehicle device, cellular signal booster and accessories under the Uniden® brand in the categories of cellular amplifiers, connected vehicle cellular devices, and rugged cellular products, during its term in North America. The Uniden® brand brings strong brand recognition for the Corporation’s devices and introduces a more unified brand to the current dealers, operators, and future customers in North America.

The current **Uniden Agreement** which commenced on January 1, 2020, and **expires** on December 31, 2031. Minimum annual payments under the Uniden Agreement are \$200,000 in 2023-2025 and \$250,000 in each of 2026-2028 and \$300,000 from 2029-2031 (collectively, the “**Minimum Royalty Payments**”). At the end of each fiscal year, Siyata has agreed to pay Uniden 3% of any sales from the licensed products under the Uniden Agreement that exceeds the Minimum Royalty Payments for such fiscal year.

#### *Licensing Agreement with Via Licensing Corporation*

Effective June 8, 2018, the Corporation entered into two separate patent licensing agreements (together, the “**Via Licensing Agreements**”) with Via Licensing Corporation to utilize worldwide patents related to the coding and decoding of Android software as well as access and download within the LTE/ 4G network. This patent license is for an initial period of five years and can be extended for a further five-year term. Management is completing the extension prior to the expiry date. Under the Via Licensing Agreements, the Corporation has the right, at any time during the term or any extension thereof, to terminate the agreements upon providing 60 days advanced notice of termination. The Via Licensing Agreements provide for the payment, to Via Licensing Corporation, of quarterly royalty fees that are based solely on product sales and is expressed as a percentage formula based upon the number of units sold, the country in which the units were manufactured, and the country location of the end customer. There are no minimum royalty fees payable under the Via Licensing Agreements.

#### *Licensing Agreement with Wilson Electronics, LLC*

Siyata, through its wholly-owned subsidiary, Signifi Mobile Inc., entered into a royalty agreement (the “**Wilson Agreement**”) with Wilson Electronics, LLC on November 30, 2017, with an effective date of January 1, 2018. The Wilson Agreement permits the Corporation to utilize several of Wilson Electronics’ LLC’s patents related to cellphone boosters. Specifically, under the Wilson Agreement, the Corporation has licensed a patent for its cellular booster portfolio of products, for the rights to the stand-alone cell phone radio signal booster on a worldwide basis. The Wilson Agreement is expected to remain in force until the expiration of all of the patents licensed under the Wilson Agreement expire, which is estimated to occur in December 2027. The Wilson Agreement requires Siyata to pay a royalty to Wilson Electronics, LLC of 4.5% of the sales of booster products, payable quarterly.

## **D. Trend Information**

See Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS, Subsection A. “Outlook” for trend information.

**E. Critical Accounting Estimates**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates:

**i) Critical accounting estimates**

*Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but not limited to the following:*

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.
  - Fair value of stock options and warrants - Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company’s future operating results or on other components of shareholders’ equity.
  - Capitalization of development costs and their amortization rate – Development costs are capitalized in accordance with the accounting policy. To determine the amounts earmarked for capitalization, management estimates the cash flows which are expected to be derived from the asset for which the development is carried out and the expected benefit period.
  - Inventory - Inventory is valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss of the current period on any difference between book value and net realizable value.
- 71
- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.
  - Impairment of non-financial assets - The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to asset impairment. The recoverable amount of an asset or a cash-generating unit (“CGU”) is determined using the

greater of fair value less costs to sell and value in use which requires the use of various judgments, estimates, and assumptions.

- Useful life of intangible assets – The Company estimates the useful life used to amortize intangible assets which relates to the expected future performance of the assets acquired based on management estimate of the sales forecast.
- Future purchase consideration - In a business combination, the Company recognizes a contingent consideration at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss, or as a change to other comprehensive income (“OCI”). If the contingent consideration is not within the scope of IAS 39, it is measured at fair value in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.
- Contingent consideration from an asset acquisition is recognized when: the conditions associated with the contingency are met; the Company has a present legal or constructive obligation that can be estimated reliably; and it is probably that an outflow of economic benefits will be required to settle the obligation.

## ii) Critical accounting judgments

*Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:*

- Deferred income taxes – judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.
- Functional currency - The functional currency for the Company and each of the Company’s subsidiaries is the currency of the primary economic environment in which the respective entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar with the exception of Siyata Israel which has the functional currency of the US dollar. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions that determine the primary economic environment.
- Going concern – As disclosed in Note 1 to the consolidated financial statements.

## RECENT ACCOUNTING PRONOUNCEMENTS

None than specifically apply to the Company as evaluated by management.

## RELATED PARTY TRANSACTIONS

### Key Personnel Compensation

Key Personnel Compensation

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel for the three months ended March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments to key management personnel:		
Salaries, consulting and directors' fees	\$ 285,413	\$ 491,889
Share-based payments	243,323	767,436
<b>Total</b>	<u>\$ 528,736</u>	<u>\$ 1,259,325</u>

Other related party transactions are as follows:

<u>Type of Service</u>	<u>Nature of Relationship</u>	<u>(in thousands)</u>	
		<u>2023</u>	<u>2022</u>
Selling and marketing expenses	VP Technology/VP Sales International Companies controlled by the CEO, CFO and Directors	\$ 46	\$ 84
General and administrative expense		<u>\$ 239</u>	<u>\$ 408</u>

#### **C. Off-Balance Sheet Arrangements**

The Company currently has no off-balance sheet arrangements.

#### **Additional Information**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") for the preparation of consolidated interim financial statements and are in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

#### **Siyata Mobile Inc.**

Unaudited Condensed Interim Consolidated Statements of Financial Position  
(Expressed in US dollars)

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	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 2,026,640	\$ 1,913,742
Trade and other receivables	2,455,711	1,574,628
Prepaid expenses	262,481	173,504
Inventory	2,505,957	4,092,550
Advance to suppliers	588,970	155,852
	<u>7,839,759</u>	<u>7,910,276</u>
Long term receivable	142,838	150,185
Right of use assets	770,840	887,137
Equipment	190,706	207,402
Intangible assets	7,633,427	6,987,531
<b>Total assets</b>	<b><u>\$ 16,577,570</u></b>	<b><u>\$ 16,142,531</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank loan	\$ 719,623	\$ -
Accounts payable and accrued liabilities	2,742,429	3,078,650
Deferred revenue	-	149,600
Lease obligations	329,433	303,788
Warrant liability	307,381	2,734,804
	<u>4,098,866</u>	<u>6,266,842</u>
Lease obligation	484,298	635,217
<b>Total liabilities</b>	<b><u>4,583,164</u></b>	<b><u>6,902,059</u></b>
<b>Shareholders' equity</b>		
Share capital	82,706,883	73,312,866
Reserves	14,218,932	13,647,399
Accumulated other comprehensive loss	98,870	98,870
Deficit	(85,030,279)	(77,818,663)
	<u>11,994,406</u>	<u>9,240,472</u>
<b>Total liabilities and shareholders' equity</b>	<b><u>\$ 16,577,570</u></b>	<b><u>\$ 16,142,531</u></b>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 10)

Approved on August 14, 2023 on behalf of the Board:

*"Lourdes Felix"*

Lourdes Felix - Director

*"Marc Seelenfreund"*

Marc Seelenfreund - Director

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements*

**Siyata Mobile Inc.**

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in US dollars)

For the three and six months ended June 30

	6 months ended		3 months ended	
	June 30, 2023		June 30, 2023	
	USD 2023	USD 2022	USD 2023	USD 2022
Revenue	\$ 4,513,354	\$ 1,802,502	\$ 2,710,717	\$ 969,528
Cost of sales	(3,212,347)	(1,438,778)	(1,906,227)	(860,855)
<b>Gross Profit</b>	<b>1,301,007</b>	<b>363,724</b>	<b>804,490</b>	<b>108,673</b>
<b>EXPENSES</b>				
Amortization and depreciation	855,139	459,924	453,499	335,419
Development expenses	85,450	263,370	31,465	140,054
Selling and marketing	2,041,168	2,208,726	1,037,803	1,163,675
General and administrative	3,095,812	3,510,661	1,703,382	1,851,582
Inventory impairment	-	303,316	-	238,980
Bad debts	10,148	63,285	10,148	70,643
Share-based payments	571,533	1,939,035	260,705	1,126,300
Total operating expenses	6,659,250	8,748,317	3,497,002	4,926,653
<b>Net operating loss</b>	<b>(5,358,243)</b>	<b>(8,384,593)</b>	<b>(2,692,512)</b>	<b>(4,817,980)</b>
<b>OTHER EXPENSES</b>				
Finance expense	75,349	45,726	41,251	18,739
Foreign exchange	(78,599)	19,168	(78,762)	106,828
Change in fair value of convertible promissory note	-	3,250,848	-	570,391
Change in fair value of opening warrant liability	-	962,350	-	-
Change in fair value of warrant liability	1,856,623	(5,444,935)	(321,384)	(1,209,850)
Transaction costs	-	965,247	-	-
<b>Total other expenses</b>	<b>1,853,373</b>	<b>(201,596)</b>	<b>(358,895)</b>	<b>(513,892)</b>
<b>Net loss for the year</b>	<b>(7,211,616)</b>	<b>(8,182,997)</b>	<b>(2,333,617)</b>	<b>(4,304,088)</b>
<b>Other comprehensive income</b>				
Translation adjustment	-	1,518	-	25,986
<b>Comprehensive loss for the year</b>	<b>\$ (7,211,616)</b>	<b>\$ (8,181,479)</b>	<b>\$ (2,333,617)</b>	<b>\$ (4,278,102)</b>
<b>Weighted average shares (before the 100-1 reverse split)</b>	<b>68,257,292</b>	<b>13,805,757</b>	<b>77,394,214</b>	<b>14,635,152</b>
<b>Basic and diluted loss per share (before the 100-1 reverse split)</b>	<b>\$ (0.11)</b>	<b>\$ (0.59)</b>	<b>\$ (0.03)</b>	<b>\$ (0.29)</b>
<b>Weighted average shares (after the 100-1 reverse split)</b>	<b>682,573</b>	<b>138,058</b>	<b>773,942</b>	<b>146,352</b>
<b>Basic and diluted loss per share (after the 100-1 reverse split)</b>	<b>\$ (10.57)</b>	<b>\$ (59.27)</b>	<b>\$ (3.02)</b>	<b>\$ (29.41)</b>

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

**Siyata Mobile Inc.**

Unaudited Condensed Interim Consolidated Statement of Changes in Shareholders' Equity  
(Expressed in US dollars)

For six month periods ending June 30, 2023 and 2022

	Share capital #	Share Capital \$	Reserves \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total shareholders' equity \$
<b>Balance, December 31, 2021</b>	<b>5,276,695</b>	<b>54,655,244</b>	<b>10,389,555</b>	<b>(38,739)</b>	<b>(62,519,412)</b>	<b>2,486,648</b>
Shares issued on acquisition of ClearRF	138,958	190,095	-	-	-	190,095
Share issued on capital raise	7,215,652	10,936,974	307,189	-	-	11,244,163
Share issuance costs on capital raise	-	(1,051,647)	-	-	-	(1,051,647)
Pre-funded warrants exercised	1,480,000	2,575,200	-	-	-	2,575,200
Shares issued for debt	1,009,219	1,172,961	-	-	-	1,172,961
Share based payments	-	-	1,939,035	-	-	1,939,035
Translation adjustment	-	-	-	1,518	-	1,518
Net loss	-	-	-	-	(8,182,997)	(8,182,997)
<b>Balance, June 30, 2022</b>	<b>15,120,524</b>	<b>\$68,478,827</b>	<b>\$12,635,779</b>	<b>\$ (37,221)</b>	<b>\$(70,702,409)</b>	<b>\$ 10,374,976</b>

	Share capital #	Share Capital \$	Reserves \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total shareholders' equity \$
<b>Balance, December 31, 2022</b>	<b>44,868,560</b>	<b>73,312,866</b>	<b>13,647,399</b>	<b>98,870</b>	<b>(77,818,663)</b>	<b>9,240,472</b>
Warrants exercised	39,074,844	7,583,617	(3,975,046)	-	-	3,608,571
Warrants transferred from liability	-	-	3,975,046	-	-	3,975,046
Share issued on capital raise	50,000,000	2,250,000	-	-	-	2,250,000
Share issuance costs on capital raise	-	(439,600)	-	-	-	(439,600)
Share based payments	-	-	571,533	-	-	571,533
Net loss	-	-	-	-	(7,211,616)	(7,211,616)
<b>Balance, June 30, 2023</b>	<b>133,943,404</b>	<b>\$82,706,883</b>	<b>\$14,218,932</b>	<b>\$ 98,870</b>	<b>\$(85,030,279)</b>	<b>\$ 11,994,406</b>

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

**Siyata Mobile Inc.**

Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Expressed in US dollars)

For the six month period ended June 30

June 30, June 30,



	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Net loss for the year	\$(7,211,616)	\$ (8,182,997)
Items not affecting cash:		
Amortization and depreciation	855,139	459,924
Bad debt expense	10,148	63,285
Impairment of inventory	-	303,316
Fair value changes on convertible debenture	-	3,250,848
Fair value changes on opening warrant liability	-	962,350
Fair value changes on warrant liability	1,856,623	(5,444,936)
Interest expense, net of repayments	-	9,586
Foreign exchange	7,347	-
Share based payments	571,533	1,939,035
Net Change in non-cash working capital		
Trade receivables	(891,231)	75,316
Prepays	(88,977)	(277,147)
Inventory	1,586,593	(2,590,511)
Advances to suppliers	(433,118)	(813,776)
Accounts payable and accrued liabilities	(336,221)	(928,706)
Deferred revenues	(149,600)	-
<b>Net cash used in operating activities</b>	<u>(4,223,380)</u>	<u>(11,174,413)</u>
<b>Investing activities</b>		
Intangible asset additions	(1,329,175)	(1,389,620)
Equipment additions	(3,736)	(1,841)
Acquisition of ClearRF	-	(155,014)
<b>Net cash used in investing activities</b>	<u>(1,332,911)</u>	<u>(1,546,475)</u>
<b>Financing activities</b>		
Lease payments	(160,405)	(154,665)
Bank loan	719,623	9,937
Convertible debt issued, net of repayments	-	(4,000,000)
Proceeds on share issuance, net of share issuance costs	2,250,000	16,711,184
Transaction costs	(748,600)	-
Exercise of warrants	3,608,571	2,575,200
<b>Net cash from financing activities</b>	<u>5,669,189</u>	<u>15,141,656</u>
Effect of foreign exchange on cash	-	13,910
Change in cash and restricted cash for the period	112,898	2,434,678
Cash and restricted cash, beginning of the period	1,913,742	1,619,742
<b>Cash and restricted cash, end of period</b>	<u>\$ 2,026,640</u>	<u>\$ 4,054,420</u>

During the six months ended June 30, 2023, the Company paid \$16,959 (June 30, 2022 - \$2,659) in interest and \$Nil (June 30, 2022 - \$nil) in income taxes.

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

**Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Siyata Mobile Inc. (“Siyata” or the “Company”) was incorporated under the Business Corporations Act, British Columbia on October 15, 1986. The Company’s shares are listed on NASDAQ under the symbol SYTA and warrants issued on September 29, 2020, are traded under the symbol SYTAW. The Company’s principal activity is the sale of vehicle-mounted, cellular-based communications platforms over advanced mobile networks and cellular booster systems. The registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) IAS 34 *Interim Financial Reporting*, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company incurred a net loss of \$7,211,616 during the six month period ended June 30, 2023 (June 30, 2022-six month period net loss of \$8,182,997), and, as of that date, the Company’s total deficit was \$85,030,279 (December 31, 2022 - \$77,818,663). The Company’s continuation as a going concern is dependent upon the success of the Company’s sale of inventory, the existing cash flows, and the ability of the Company to obtain additional debt or equity financing, all of which are uncertain. These material uncertainties raise substantial doubt on the Company’s ability to continue as a going concern.

## 2. BASIS OF PREPARATION

### Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting*. Omitted from these financial statements are certain information and note disclosures normally included in the annual financial statements. These financial statements and notes presented should be read in conjunction with the annual financial statements for the year ended December 31, 2022.

The accounting methods and principles of computation adopted in these financial statements are the same as those in annual consolidated financial statements for the year ended December 31, 2022, except that the functional currency of Signifi Mobile Inc. is the \$USD (formerly \$CDN) as of January 1, 2023, and therefore all of the entities in the consolidated group of Siyata Mobile Inc. are all using the USD\$ as the functional currency.

The preparation of these unaudited condensed interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The significant judgements made by management when applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company’s December 31, 2022 annual consolidated financial statements.

### **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

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## 2. BASIS OF PREPARATION (cont’d)

### **Basis of consolidation and presentation**

These unaudited condensed interim consolidated financial statements of the Company have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the statement of cash flows.

These unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These condensed interim consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Ownership</b>
Queensgate Resources Corp.	British Columbia, Canada	100%
Queensgate Resources US Corp.	Nevada, USA	100%
Siyata Mobile (Canada) Inc.	British Columbia, Canada	100%
Siyata Mobile Israel Ltd.	Israel	100%
Signifi Mobile Inc.	Quebec, Canada	100%
ClearRF Nevada Ltd.	Nevada, USA	100%

#### **Recent adoptions of accounting pronouncements**

The following amendments became effective on January 1, 2023, and did not have a material impact on the Company's condensed interim consolidated financial statements:

- In February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments define accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies.
- In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments provide guidance to help entities disclose their material (previously "significant") accounting policies.
- In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the recognition exemption so that companies would be required to recognize deferred tax for transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases.

#### **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

## **2. BASIS OF PREPARATION (cont'd)**

### **Future accounting pronouncements**

The standards, amendments, and interpretations issued before 2023 but not yet adopted by the Company have been disclosed in Note 3 of the Company's December 31, 2022 annual consolidated financial statements. The Company is currently considering the impact of adopting these standards, amendments and interpretations on its consolidated financial statement.

### 3. BANK LOAN

The Company has obtained in April 2023, a \$2,000,000 line of credit factoring for its North American receivables with an 85% advance rate with interest of 1.8% for the first 30 days, then 0.5% every 10 days thereafter of the face value.

This loan is collateralized by the North American receivables, inventory and equipment. As at June 30, 2023 the loan balance is 719,623.

### Siyata Mobile Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

### 4. WARRANT LIABILITY

The balance of the warrant liability is as follows:

	November 3, 2021	January 11, 2022	October 12, 2022	January 19, 2023	Total
<b>Balance December 31, 2022</b>	<b>\$ 197,733</b>	<b>\$ 501,330</b>	<b>\$ 2,035,741</b>	<b>\$ -</b>	<b>\$ 2,734,804</b>
Change in fair value of warrants exercised	(197,733)	-	(1,717,801)	-	(1,915,534)
Warrants issued	-	-	-	2,875,580	2,875,580
Proceeds from Inducement warrants issued	-	-	-	-	-
Transfer to equity	-	-	(564,946)	(3,410,100)	(3,975,046)
Change in fair value	-	(193,949)	247,006	534,520	587,577
<b>Balance June 30, 2023</b>	<b>\$ -</b>	<b>\$ 307,381</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 307,381</b>

#### Change in warrant fair value January 1, 2023-June 30, 2023

Change in fair value of warrants exercised	(1,915,534)
Fair value of warrants issued as inducement	2,875,580
Other changes in fair value of warrants	587,577
Day 1 Loss - FV Change in Warrant Liability	309,000
<b>Total change in warrant fair value January 1, 2023-June 30, 2023</b>	<b>1,856,623</b>

#### January 19, 2023 warrants

On January 19, 2023, the Company entered into warrant exercise agreements with fourteen existing accredited investors to exercise certain outstanding warrants to purchase up to an aggregate of 18,042,857 of the Company's common shares. In consideration for the immediate exercise of the outstanding warrants for cash, the Company agreed to reduce the exercise price from \$0.23 to \$0.20 per share and issue new unregistered warrants to purchase up to an aggregate of 18,042,857 common shares with an exercise price of \$0.20 per share. The gross proceeds to the Company from the exercise totaled approximately \$3,608,571, prior to deducting warrant inducement agent fees and offering expenses.

The new warrants are exercisable immediately upon issuance at an exercise price of \$0.20 per share and have a term of exercise equal to five years. In connection with the exercise, the Company will be required pursuant to the terms of 2,989,130 of its remaining unexercised common share purchase warrants, to reduce the exercise price of such warrants from \$0.23 per common share to an exercise price of \$0.20 per common share.

On March 30, 2023, the SEC accepted the registration statement of the Company to the effect that all of the 21,031,987 outstanding \$0.20 warrants become immediately a cashless exercise and their underlying shares become immediately tradeable. Subsequent to the quarter ended March 31, 2023, 21,031,987 warrants were exercised cashless in exchange for 21,031,987 common shares of the Company. All of the warrants that became cashless exercise were transferred to equity at March 30, 2023, as they no longer met the definition of a liability.

The fair value of the warrants issued at January 19, 2023 was \$2,875,580 and was determined using the stock price at the date of issue, with a 15% discount for lack of marketability. This method was used as the warrants contained an alternative cashless exercise feature.

The fair value of the warrants on March 30, 2023 that was transferred to equity was \$3,410,100 and was determined using the stock price on the date, as the warrants were cashless exercise at that date.

## **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

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### **4. WARRANT LIABILITY (Cont'd)**

#### November 3, 2021 warrants

The warrants allowed for the purchase of 1,892,857 common shares of the Company at an exercise price of US 4.00 per common share and expired 5 years from the issue date of the related promissory note. Under the terms of these warrants, the exercise price of the warrant was adjusted to \$2.30 when an offering was closed on January 3, 2022 that issued shares at a price lower than the exercise price. On January 19, 2023 the warrant holders entered into the agreement noted above to exercise the warrants, and receive new warrants in exchange.

At December 31, 2022 the fair value of the warrants was \$197,733 and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.15, strike rate \$0.23 dividend yield 0%, term 3.84 years, volatility 110% and risk-free rate 4.08%.

At January 19, 2023 prior to exercise, the fair value of the warrants was \$NIL and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.19, strike rate \$0.20 dividend yield 0%, term 0.0 years, volatility 130% and risk-free rate 3.62%.

#### January 11, 2022 warrants

The Company assessed that the 8,519,999 warrants, and 1,480,000 pre-funded warrants issued in the January 2022 equity offering did not meet the "fixed for fixed" test and are therefore recorded as liabilities at fair value through profit and loss, and revalued at the end of each period.

At December 31, 2022 the fair value of the warrants was \$501,330 and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.15, strike rate \$2.30, dividend yield 0%, term 4.03 years, volatility 110% and risk-free rate 4.08%.

At June 30, 2023 the fair value of the warrants was \$307,381 and was determined using a Black-Scholes option pricing model with the following assumptions: initial stock price \$0.05, strike rate \$2.30, dividend yield 0%, term 3.54 years, volatility 170% and risk-free rate 4.35%. This is based on a level 3 output calculated as follows:

- The expected volatility was based on the historical daily stock price volatility over a look-back period that was consistent with the balance-remaining term corresponding to each Instrument as of the Valuation Date(s). The historical volatility was then adjusted for:
- The actual implied-to-historical volatility ratio observed for the Company's publicly-traded warrants. This approach incorporated the differences between the implied volatility and the historical volatility for the publicly-traded warrant. The ratio was used to determine the volatility if the Instruments were publicly traded.
- A 25% volatility haircut<sup>1</sup> given that the Instruments were not publicly traded and were expected to have lower volatilities than the comparable publicly-traded instruments. The 25% volatility haircut is amortised over the balance-remaining term of the Instruments. As of the Valuation Date, the volatility haircut was 18% for the warrants issued on January 11, 2022. This adjustment informed the expected equity volatility for a privately-issued instrument

#### October 12, 2022 warrants

The Company assessed that the 17,400,000 warrants and 1,590,000 pre-funded warrants issued as part of the October 2022 equity offering did not meet the "fixed for fixed" test and are therefore reported as liabilities at fair value through profit and loss, and revalued at the end of each period. On January 19, 2023 the warrant holders entered into the agreement noted above to exercise 16,150,000 of the 17,400,000 warrants, and receive new warrants in exchange. The remaining 1,250,000 warrants that were outstanding at January 19, 2023 were converted to cashless exercise warrants on March 30, 2023 as described above.

### **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

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#### **4. WARRANT LIABILITY (Cont'd)**

The fair value of the warrants as at December 31, 2022 was \$1,850,758 and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.15; exercise price \$0.23; expected volatility: 100%; dividend yield 0%; risk free rate: 3.98%.

The fair value of the 1,250,000 unexercised warrants on January 19, 2023 was \$132,957 and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.19; exercise price \$0.20; term 4.73 years; expected volatility: 115%; dividend yield 0%; risk free rate: 3.49%.

The fair value of the 16,150,000 exercised warrants immediately prior to exercise on January 19, 2023 was \$NIL and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.19; exercise price \$0.20; term 0 years; expected volatility: 115%; dividend yield 0%; risk free rate: 3.49%.

The fair value of the 2,989,130 (1,739,130 waiver warrants plus 1,250,000 unexercised warrants) outstanding warrants on March 30, 2023 prior to the transfer to equity was \$564,946 and was determined using the stock price on the date, as the warrants were cashless exercise at that date.

In connection with the October 2022 equity offering, the Company issued 1,739,130 waiver warrants exercisable at \$0.23 per share which expire, if unexercised, on October 12, 2027, to entice the holder of the convertible

promissory note to waive their right to block the equity offering. The waiver warrants did not meet the “fixed for fixed” test and are therefore reported as liabilities at fair value through profit and loss and revalued at the end of each period. On March 30, 2023, the waiver warrants were modified to cashless exercise as described above, and therefore met the “fixed for fixed” test and were reclassified to equity.

The fair value of the waiver warrants as at December 31, 2022 was \$184,983 and was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price: \$0.15; exercise price \$0.23; expected volatility: 100%; dividend yield 0%; risk free rate: 3.10%.

The fair value of the waiver warrants as at March 30, 2023 prior to transfer to equity was \$328,696 and was determined using the stock price on the date, as the warrants were cashless exercise at that date.

## 5. SHARE CAPITAL

### (a) Authorized Unlimited number of common shares without par value

As at June 30, 2023, the Company had 133,943,404 common shares issued and outstanding (December 31, 2022 – 44,868,560).

As of the date of issuance of these unaudited condensed interim consolidated financial statements total outstanding common shares is 1,853,955 post 100-to-1 reverse split that was effective as of August 9, 2023, (185,393,404 pre-split) as described in Subsequent Events Note 10.

## Siyata Mobile Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

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## 5. SHARE CAPITAL (cont'd)

### (b) Common share transactions

*Transactions for the six months ended June 30, 2023 are as follows:*

- The Company issued 18,042,857 common shares on the exercise of various warrants for gross proceeds of \$3,608,571. Additionally, the Company issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 30, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 21,031,857 common shares were issued for cashless warrants in Q2 2023.

On June 28, 2023 the Company issued 50,000,000 at \$0.045 per share for gross proceeds of \$2,250,000 before offering expenses and other expenses included in share issuance costs.

Subsequent to June 30, 2023, the Company issued 51,250,000 shares at \$0.045 per share for gross proceeds of \$2,306,250 as described in Subsequent Events Note 10.

*Transactions for the six months ended June 30, 2022 are as follows:*

- On January 11, 2022, the Company completed an underwritten public offering in the United States, raising a total of \$20,013,043 in gross proceeds. The Company allocated the gross proceeds firstly to the warrant liabilities, with the remainder to the common shares. Direct costs have been allocated

based on the percentage allocation of the proceeds. The underwritten public offering resulted in the sale to the public of 7,215,652 Units at \$2.30 per Unit, with each Unit being comprised of one common share and one warrant (the “Unit Warrants”) exercisable at \$2.30 per share. The Unit warrants are exercisable immediately and have a term of 5 years. Gross proceeds of \$10,936,974 were allocated to the common shares, and \$5,395,878 to the unit warrants liability.

In addition, the Company issued 1,480,000 pre-funded units (“Pre-Funded Units”) at \$2.29 per Pre-Funded Unit. Each Pre-Funded Unit is comprised of a one-pre-funded warrant (a “Pre-Funded Warrant”) to purchase one common share, and one warrant to purchase one common share. The Pre-Funded Warrant allows the holder to acquire one common share of the Company at an exercise price of \$0.01 per common share, and a warrant to purchase a common share at an exercise price of \$2.30 per share. The warrants are exercisable immediately and have a term of 5 years. Each Pre-Funded Warrant is exercisable immediately and is exercisable until all Pre-Funded Warrants are exercised. Proceeds of \$2,560,400 were allocated to the pre-funded warrants and \$1,106,747 to the unit warrants in the warrant liability.

The Company determined that the pre-funded warrants within the Pre-funded Units are common shares in substance, as they require only a minimal exercise price of \$0.01. In addition, the underwriting agreement includes both the Units and Pre-funded Units and were negotiated together in the equity raise. Given that the purpose of the Prefunded Unit is in substance the same as that of the Unit (i.e., resulting in the ownership of both common shares and common share warrants) and that the terms of the warrants in both the Units and Prefunded Units are the same (i.e., the obligations of the Company for the units are the same), the Company determined that the Units and Pre-funded Units are closely related and should be combined into one unit of account for the purposes of allocating proceeds.

## **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

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### **5. SHARE CAPITAL (cont'd)**

#### **b) Common share transactions (cont'd)**

Therefore, the proceeds from the sale of the Units and Pre-funded Units are combined and allocated among the common shares, pre-funded warrants, and the common share warrants using the residual method, with the warrant liability being initially recognized at fair value as of the registration date and the residual amount being allocated to the common shares (i.e., equity).

The Company concurrently sold an additional 1,304,347 warrants to purchase 1,304,347 common shares exercisable at \$2.30 per share (the “Option Warrants”) pursuant to an over-allotment option exercised by the underwriter. The exercise price of the warrants issued in connection with the exercise of the over-allotment option was \$0.0097 per warrant. Each Option Warrant is exercisable immediately and has a term of five years from the issue date. Proceeds of \$975,393 were allocated to the option warrant liability. As the fair value of the warrant liability exceeded the proceeds received on the warrants of \$13,043, a fair value loss of \$962,350 was recognized in the statement of profit and loss as a fair value change in the opening warrant liability.

The fair value of the common shares and pre-funded units was determined by reference to the market price on the day of the offering, which was \$1.73 per share. The Unit Warrants, Warrants, and Option Warrants were valued using the Black-Scholes model using the following assumptions: initial stock price \$1.73, strike rate \$2.30, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.



The Company also issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the “Placement Agent Warrants”), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company assessed that the warrants issued under the public offering, excluding the Placement Agent Warrants did not meet the “fixed for fixed” test and are therefore reported as liabilities at fair value through profit and loss, and revalued at the end of each period. The Placement Agent Warrants were assessed under IFRS 2 *Share Based Payments*, as equity-settled share-based payments and have been recorded in equity.

The direct costs related to the issuance of the common shares and warrants issued in the January 2022 underwritten public offering were \$2,016,895, including the value of the Placement Agent Warrants. Direct costs of \$965,248 were allocated to the warrant liability and expensed immediately in profit and loss. During the period, 1,480,000 Pre-Funded Warrants were exercised for gross proceeds of \$14,800, converting into 1,480,000 common shares that were fully issued.

## **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

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### **5. SHARE CAPITAL (cont'd)**

#### **(b) Common share transactions (cont'd)**

- On March 31, 2022, as part of the ClearRF acquisition, the Company issued 138,958 shares to the vendor with a fair value of \$190,094.

The Company issued 155,000 common shares, with a fair value of \$170,500 (\$1.10 per share) to consultants as part of their compensation for services rendered.

The Company issued 854,219 common shares with a fair value of \$1,002,461 as combined payments of the monthly principal repayment of \$400,000 for the months of May and June 2022 payable in shares per the terms of the promissory note.

#### **(c) Stock options**

The Company has a shareholder-approved “rolling” stock option plan (the “Plan”) in compliance with Nasdaq policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 15% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant, less a discount of up to 25%. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

A summary of the Company’s stock option activity is as follows:

	Number of Stock Options	Weighted Average Exercise Price
<b>Outstanding options, December 31, 2021</b>	<b>414,568</b>	<b>\$ 13.88</b>
Granted	1,145,000	1.15
Expired/Cancelled	(53,430)	30.90
<b>Outstanding options, December 31, 2022</b>	<b>1,506,138</b>	<b>\$ 3.53</b>
Granted	-	-
Expired/Cancelled	-	-
<b>Outstanding options, June 30, 2023 and date of MD&amp;A (before the 100-1 reverse stock split)</b>	<b>1,506,138</b>	<b>\$ 3.53</b>
<b>Outstanding options, June 30, 2023 and date of MD&amp;A (after the 100-1 reverse stock split)</b>	<b>15,061</b>	<b>\$ 353.00</b>

14

### Siyata Mobile Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

## 5. SHARE CAPITAL (cont'd)

### (c) Stock options (cont'd)

As at June 30, 2023 stock options outstanding are as follows:

Grant Date	Number of options outstanding	Number of options exercisable	Weighted Average Exercise Price	Expiry date	Remaining contractual life (years)
24-Dec-18	12,896	12,896	54.00	24-Dec-23	0.48
15-Jan-19	828	828	54.00	15-Jan-24	0.55
21-Mar-19	12,345	12,345	59.00	21-Mar-24	0.73
1-Jan-20	2,069	2,069	54.00	1-Jan-24	0.51
15-Nov-20	95,000	95,000	6.00	15-Nov-30	7.38
15-Nov-20	161,500	161,500	6.00	15-Nov-25	2.38
2-Jan-21	57,000	57,000	11.50	2-Jan-26	2.51
2-Jan-21	5,000	5,000	11.50	2-Jan-31	7.52
18-Jan-21	14,500	14,500	11.50	18-Jan-26	2.56
1-Jan-22	20,000	12,500	4.00	29-Oct-26	3.33
13-Apr-22	795,000	331,250	1.10	13-Apr-27	3.79
12-Jul-22	330,000	110,000	1.10	12-Jul-25	2.04
<b>Total (before the 100-1 reverse stock split)</b>	<b>1,506,138</b>	<b>794,888</b>	<b>\$ 3.53</b>		<b>3.67</b>
<b>Total (after the 100-1 reverse stock split)</b>	<b>15,061</b>	<b>7,949</b>	<b>\$ 353.00</b>		<b>3.67</b>

Transactions for the six months ended June 30, 2022 are as follows:

- On January 1, 2022, the Company granted 20,000 stock options at \$4.00 per share that vest in 8 equal quarterly periods with the first vesting occurring on the grant date. The fair value on the date of the grant was \$54,480 (\$2.724 per option).

On April 13, 2022, the Company granted 795,000 stock options to executives and employees at an exercise price of \$1.10 per share. These options vest quarterly over three years period with the first vesting taking place at the date of the grant. The fair value of these options on the date of the grant is \$678,520 (\$0.8535 per share).

**Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

**5. SHARE CAPITAL (cont'd)**

**(d) Restricted share units**

The Company approved on February 14, 2022, the addition of the issuance of restricted share units to the existing executive stock option plan.

A summary of the Company's restricted share unit activity is as follows:

	<u>Number of RSU's</u>	<u>Weighted Average Issue Price</u>
<b>Outstanding RSU, December 31, 2021</b>	<b>0</b>	<b>\$ -</b>
Granted	3,195,000	1.05
Exercised	(30,000)	1.10
<b>Outstanding RSU, December 31, 2022</b>	<b>3,165,000</b>	<b>\$ 1.05</b>
Granted	-	-
Exercised	-	-
<b>Outstanding RSU, June 30, 2023 and date of MD&amp;A (before 100-1 reverse stock split)</b>	<b>3,165,000</b>	<b>\$ 1.05</b>
<b>Outstanding RSU, June 30, 2023 and date of MD&amp;A (after 100-1 reverse stock split)</b>	<b><u>31,650</u></b>	<b><u>\$ 105.00</u></b>

As at June 30, 2023 restricted share units outstanding are as follows:

<u>Grant Date</u>	<u>Number of RSU's outstanding</u>	<u>Number of RSU's exercisable</u>	<u>Weighted Average Issue Price</u>
9-Mar-22	2,250,000	1,350,000	1.03
13-Apr-22	825,000	513,750	1.10
12-Jul-22	90,000	30,000	1.10
<b>Outstanding RSU, June 30, 2023 and date of MD&amp;A (before 100-1 reverse stock split)</b>	<b>3,165,000</b>	<b>1,893,750</b>	<b>\$ 1.05</b>
<b>Outstanding RSU, June 30, 2023 and date of MD&amp;A (after 100-1 reverse stock split)</b>	<b><u>31,650</u></b>	<b><u>18,938</u></b>	<b><u>\$ 105.00</u></b>

Transactions for the six month period ended June 30, 2022, are as follows:

- On March 9, 2022, the Company granted 450,000 RSU's to Directors that vest immediately. On the date of granting, the fair value and stock price was \$1.03/share.
- On March 9, 2022, the Company granted 1,800,000 RSU's to a Director that vest quarterly over 12 periods with the first vesting of 150,000 RSU's occurring on the date of the granted and another 150,000 vest every three months until all of the granted RSU's have vested. On the date of granting, the fair value and the stock price was \$1.03/share.

On April 13, 2022, the Company granted 240,000 RSU's to consultants that vest immediately. On the date of granting, the fair value and the stock price was \$1.10/share.

On April 13, 2022, the Company granted 585,000 RSU's to employees of the Company that vest quarterly over 12 periods with the first vesting of 48,750 RSU's occurring on the date of the granted and another 48,750 RSU's vest every three months until all of the granted RSU's have vested. On the date of granting, the fair value and the stock price was \$1.10/share.

**Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

**5. SHARE CAPITAL (cont'd)**

**(e) Agents' options**

A summary of the Company's agent options activity is as follows:

	<u>Number of options</u>	<u>Weighted average exercise price</u>
<b>Outstanding agent options, December 31, 2020</b>	<b>452,523</b>	<b>\$ 8.02</b>
Expired	(6,597)	52.68
<b>Outstanding agent options, December 31, 2021</b>	<b>445,926</b>	<b>\$ 7.51</b>
Granted	487,283	2.51
Expired	(1,702)	20.49
<b>Outstanding agent options, December 31, 2022</b>	<b>931,507</b>	<b>\$ 4.12</b>
Granted	-	-
Expired	-	-
<b>Outstanding agent options, June 30, 2023 and date of MD&amp;A (before the 100-1 reverse stock split)</b>	<b>931,507</b>	<b>\$ 4.87</b>
<b>Outstanding agent options, June 30, 2023 and date of MD&amp;A (after the 100-1 reverse stock split)</b>	<b>9,315</b>	<b>\$ 487.00</b>

As at June 30, 2023 agent options outstanding are as follows:

<u>Grant Date</u>	<u>Number of options outstanding</u>	<u>Number of options exercisable</u>	<u>Weighted Average</u>	<u>Expiry date</u>	<u>Remaining contractual life (years)</u>
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			<b>Exercise Price</b>		
29-Sep-20	113,500	113,500	\$ 6.60	28-Sep-25	2.00
29-Sep-20	266,000	266,000	\$ 6.85	28-Sep-25	2.00
31-Dec-20	64,724	64,724	\$ 11.50	30-Jun-24	1.00
11-Jan-22	434,783	434,783	\$ 2.53	11-Jan-27	4.00
1-Apr-22	52,500	52,500	\$ 2.30	8-Mar-27	4.00
<b>Total (before the 100-1 reverse stock split)</b>	<b>931,507</b>	<b>931,507</b>	<b>\$ 4.87</b>		<b>2.98</b>
<b>Total (after the 100-1 reverse stock split)</b>	<b>9,315</b>	<b>9,315</b>	<b>\$ 487.00</b>		<b>2.98</b>

Transactions for the six month period ended June 30, 2022 are as follows:

- The Company issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the “Placement Agent Warrants”), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%. The Company also issued 52,500 agent’s options with a fair value of \$61,950 with an exercise price of \$2.30.

17

## Siyata Mobile Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

### 5. SHARE CAPITAL (cont’d)

#### (f) Share purchase warrants

A summary of the Company’s share purchase warrant activity is as follows:

	Number of Warrants	Weighted average exercise price
<b>Outstanding, December 31, 2021</b>	<b>5,121,328</b>	<b>\$ 9.89</b>
<b>Granted</b>	<b>29,139,129</b>	<b>\$ 0.94</b>
<b>Expired</b>	<b>(128,386)</b>	<b>\$ 33.47</b>
<b>Outstanding, December 31, 2022</b>	<b>34,132,071</b>	<b>\$ 1.76</b>
<b>Granted</b>	<b>18,042,857</b>	<b>\$ 0.20</b>
<b>Exercised</b>	<b>(39,074,844)</b>	<b>\$ 0.09</b>
<b>Outstanding, June 30, 2023 and the date of the MD&amp;A (before the 100-1 reverse stock split)</b>	<b>13,100,084</b>	<b>\$ 3.84</b>
<b>Outstanding, June 30, 2023 and the date of the MD&amp;A (after the 100-1 reverse stock split)</b>	<b>131,001</b>	<b>\$ 384.00</b>

As at June 30, 2023 the share purchase warrants outstanding are as follows:

<b>Grant Date</b>	<b>Number of Warrants outstanding and exercisable</b>	<b>Exercise Price</b>	<b>Expiry date</b>
29-Sep-20	1,805,585	6.85	28-Sep-25
31-Dec-20	1,294,500	11.50	30-Jun-24
11-Jan-22	9,999,999	2.30	10-Jan-27
<b>Total (before the 100-1 reverse stock split)</b>	<b>13,100,084</b>	<b>\$ 3.84</b>	
<b>Total (before the 100-1 reverse stock split)</b>	<b>131,001</b>	<b>\$ 384.00</b>	

*Transactions for the six months ended June 30, 2023 are as follows:*

- 18,042,857 warrants were exercised on January 12, 2023. The Company issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 31, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 21,031,857 cashless warrants were exercised in Q2 2023.

*Transactions for the six month period ended June 30, 2022 are as follows:*

On January 11, 2022 as part of an underwritten public offering, the Company issued a total of 9,999,999 share purchase warrants, exercisable at \$2.30 per warrant and with a term of five years.

18

## **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

### **6. TRANSACTION COSTS**

Transaction costs incurred in relation to the January 2023 warrant raise and issuance described in Note 5 were \$439,600 and were included in the change in fair value of warrant liability on the statement of operations.

Transaction costs incurred in the six months ended June 30, 2022 were \$965,247, which are costs incurred for the January 11, 2022 capital raise that were allocated to the warrant liability and expensed through the statement of operations.

### **7. FINANCIAL INSTRUMENTS**

The fair values of the Company's cash, trade and other receivables, accounts payable and accrued liabilities and long-term debt, approximate carrying value, which is the amount recorded on the unaudited condensed interim consolidated statement of financial position.

19

## **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

## 8. RELATED PARTY TRANSACTIONS

### Key Personnel Compensation

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel for the three and six month period ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments to key management personnel:		
Salaries, consulting and directors' fees	\$ 667,582	\$ 851,262
Share-based payments	438,008	1,792,129
Total	<u>\$ 1,105,590</u>	<u>\$ 2,643,391</u>

21

### **Siyata Mobile Inc.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

## 8. RELATED PARTY TRANSACTIONS (cont'd)

Salaries, consulting and directors' fees shown above are classified within profit and loss as shown below:

<u>Type of Service</u>	<u>Nature of Relationship</u>	<u>(in thousands)</u>	
		<u>2023</u>	<u>2022</u>
Selling and marketing expenses	VP Technology/VP Sales International	\$ 182	\$ 152
General and administrative expense	Companies controlled by the CEO, CFO and Directors	\$ 486	\$ 699

## 9. SEGMENTED INFORMATION

The Company is domiciled in Canada, and it operates and produces its income primarily in Israel, Europe and North America. The Company operates as a single segment being the sale of cellular-based communications products.

The Company's entity-wide disclosures include disaggregated information about product sales, geographical areas, and major customers.

Geographical area information is shown below:

<u>External revenues by Geography for the three and six month period ended June 30</u> <u>(in thousands)</u>	<u>6 months ended</u> <u>June 30</u>		<u>3 months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	USA	\$ 3,342	\$ 722	\$ 2,270
Canada	521	625	302	376

EMEA	650	443	139	104
Australia	-	13	-	13
Total	<u>\$ 4,513</u>	<u>\$ 1,803</u>	<u>\$ 2,711</u>	<u>\$ 970</u>

22

## Siyata Mobile Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Expressed in US dollars)

As at June 30, 2023 and December 31, 2022 and for the three and six month period ended June 30, 2023 and 2022

### 9. SEGMENTED INFORMATION (cont'd)

Non-current asset geographic area information is shown below:

<u>(in thousands)</u>	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Long-term receivable total	\$ 143	\$ 150
Canada	-	-
EMEA	143	150
Right of use asset total	\$ 771	\$ 887
Canada	126	177
EMEA	645	710
Equipment total	\$ 191	\$ 207
Canada	-	-
EMEA	191	207
Intangibles total	\$ 7,633	\$ 6,988
Canada	70	-
EMEA	7,563	6,988

Product information is shown below:

### Revenue by product line for the three and six month period ended June 30

<u>(in thousands)</u>	<u>6 months ended</u>		<u>3 months ended</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cellular boosters and related accessories	\$ 1,012	1,213	\$ 575	750
Rugged devices and related accessories	\$ 3,501	590	\$ 2,136	220
Total	<u>\$ 4,513</u>	<u>1,803</u>	<u>\$ 2,711</u>	<u>970</u>

### 10. SUBSEQUENT EVENTS

Subsequent to the period end, the Company issued 51,250,000 common shares at \$0.45 for total gross proceeds of \$2,306,250.

On August 9, 2023, the Company effected a 100-to-1 reverse stock split resulting in 185,393,404 common shares converted with rounding into 1,853,955 new common shares.





Management Discussion and Analysis  
(Expressed in U.S. Dollars)

As at and for the three and six month period ended June 30 2023 and June 30, 2022  
Prepared on August 10, 2023

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains “forward-looking statements,” which includes information relating to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or management’s good faith belief as of that time with respect to future events, and are subject to significant risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- the size and growth potential of the markets for our products, and our ability to serve those markets;
- the rate and degree of market acceptance of our products;

- our ability to expand our sales organization to address effectively existing and new markets that we intend to target;
- impact from future regulatory, judicial, and legislative changes or developments in the U.S. and foreign countries;
- our ability to compete effectively in a competitive industry;
- our ability to obtain funding for our operations and effectively utilize the capital raised therefrom;
- our ability to attract collaborators and strategic partnerships;
- our ability to meet the continued listing requirements and standards of the Nasdaq Capital Market, or Nasdaq;
- our ability to meet our financial operating objectives;
- the availability of, and our ability to attract, qualified employees for our business operations;
- general business and economic conditions;
- our ability to meet our financial obligations as they become due;
- positive cash flows and financial viability of our operations and any new business opportunities;

i

- our ability to secure intellectual property rights over our proprietary products or enter into license agreements to secure the legal use of certain patents and intellectual property;
- our ability to be successful in new markets;
- our ability to avoid infringement of intellectual property rights; and
- the effects of the global COVID-19 pandemic and the war in Ukraine.

The foregoing does not represent an exhaustive list of matters that may be covered by the forward-looking statements contained herein or risk factors that we are faced with that may cause our actual results to differ from those anticipated in our forward-looking statements. Please see “Item 3. Key Information – D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects” for additional factors that could adversely impact our business and financial performance.

Moreover, new risks regularly emerge and it is not possible for our management to predict or articulate all the risks we face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. All forward-looking statements included in this Annual Report are based on information available to us on the date of this Annual Report. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained above and throughout this Annual Report.

Readers are urged to carefully review and consider the various disclosures made throughout this MD&A which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

You should not put undue reliance on any forward-looking statements. Any forward-looking statements in this MD&A Report are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

## **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

## **ITEM 3. KEY INFORMATION**

### **A. [Reserved]**

### **B. Capitalization and Indebtedness**

Not applicable.

### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

### **D. Risk Factors**

You should carefully consider the risks described below, together with all of the other information in this Annual Report. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of these risks actually occurs, our business and financial condition could suffer and the price of our Common Shares and warrants to purchase Common Shares, or the Warrants, could decline.

#### **Summary of Risk Factors**

##### ***Risks Related to Our Financial Condition and Capital Requirements***

- We have a history of operating losses and we may never achieve or maintain profitability.
- Our consolidated audited financial statements for the fiscal year ended December 31, 2022 and our unaudited condensed interim consolidated financial statements for the three and six month period ended June 30, 2023, both include a “going concern” explanatory paragraph expressing substantial doubt about our ability to continue as an ongoing business for the next twelve months. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot secure the financing needed to continue as a viable business, our shareholders may lose some or all of their investment in us.

- In 2022, our independent registered public accountants identified three material weaknesses in our internal controls over financial reporting. If we are unable to remediate these material weaknesses, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner. In 2021, our independent registered public accountants identified five material weaknesses in our internal controls over financial reporting, which have only been partially remediated.

### ***Risks Related to Our Business and Industry***

- We rely on our channel partners to generate a substantial majority of our revenues. If these channel partners fail to perform or if we cannot enter into agreements with channel partners on favorable terms, our operating results could be significantly harmed.
- We are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets, and if end customers in those markets do not purchase our solutions, our revenues will be adversely impacted, and we may not be able to expand into other markets.
- We participate in a competitive industry, which may become more competitive. Competitors with greater resources and significant experience in high-volume product manufacturing may be able to respond more quickly and cost-effectively than we can to new or emerging technologies and changes in customer requirements.
- Defects in our products could reduce demand for our products and result in a loss of sales, delay in market acceptance and injury to our reputation, which would adversely impact our business.
- If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business would suffer.
- We may not be able to continue to develop solutions to address user needs effectively in an industry characterized by ongoing change and rapid technological advances.
- The markets for our devices and related accessories may not develop as quickly as we expect, or may not develop at all. Our dependence on our cellular carrier channel partners and their success in promoting Push to Talk over Cellular to their client base is key for the success of the business.
- Our future success is dependent on our ability to create independent brand awareness for our company and products with end customers, and our inability to achieve such brand awareness could limit our prospects.
- We are dependent on the continued services and performance of a concentrated group of senior management and other key personnel, the loss of any of whom could adversely impact our business.
- We compete in a rapidly evolving market, and the failure to respond quickly and effectively to changing market requirements could cause our business and operating results to decline.
- If we are unable to sell our solutions into new markets, our revenues may not grow.
- If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely impacted.

- A security breach or other significant disruption of our information technology (“IT”) systems or those of our partners, suppliers or manufacturers, caused by cyberattacks or other means, could have a negative impact on our operations, sales, and operating results.
- We experience lengthy sales cycles for our products and the delay of an expected large order could result in a significant unexpected revenue shortfall.

2

- We have a limited history of contracting with third party manufacturers in Asia for the high-volume commercial production of our devices, and we may face manufacturing capacity constraints.
- Our financial condition and results of operations as well as those of potential customers could be adversely affected by the Russian invasion of Ukraine, which has caused a material adverse effect on the level of economic activity around the world, including in the markets we serve.
- We rely on industry data and projections which may prove to be inaccurate.

***Risks Related to our Reliance on Third Parties***

- As we work with multiple vendors for our components, if we fail to adequately forecast demand for our inventory and supply needs, we could incur additional costs or experience manufacturing delays, which could reduce our gross margin or cause us to delay or even lose sales.
- Our dependence on third-party suppliers for key components of our products could delay shipment of our products and reduce our sales.
- Because we rely on a small number of channel partners/customers for a large portion of our revenue, the loss of any of these customers would have a material adverse effect on our operating results and cash flows.
- The application development ecosystem supporting our devices and related accessories is new and evolving.
- Failure of our suppliers, subcontractors, distributors, resellers, and representatives to use acceptable legal or ethical business practices, or to fail for any other reason, could negatively impact our business.
- Our products are subject to risks associated with sourcing and manufacturing.
- The nature of our business may result in undesirable press coverage or other negative publicity, which would adversely impact our brand identity, future sales and results of operations.
- Changes in the availability of federal funding to support local public safety or other public sector efforts could impact our opportunities with public sector end customers.
- Economic uncertainties or downturns, or political changes, could limit the availability of funds available to our customers and potential customers, which could significantly adversely impact our business.
- Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our operating results and financial condition.
- We are exposed to risks associated with strategic acquisitions and investments.

- We could be adversely impacted by changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters.

#### ***Risks Related to Government Regulation***

- We are subject to anti-corruption, anti-bribery, anti-money laundering, economic sanctions, export control, and similar laws. Non-compliance with such laws can subject us to criminal or civil liability and harm our business, revenues, financial condition and results of operations.
- We are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws and regulations.
- Changes in laws and regulations concerning the use of telecommunication bandwidth could increase our costs and adversely impact our business.
- We are subject to a wide range of privacy and data security laws, regulations and other legal obligations.

#### ***Risks Related to Our Intellectual Property***

- If we are unable to successfully protect our intellectual property, our competitive position may be harmed.
- Others may claim that we infringe on their intellectual property rights, which may result in costly and time-consuming litigation and could delay or otherwise impair the development and commercialization of our products.
- Our use of open source software could subject us to possible litigation or otherwise impair the development of our products.
- Our inability to obtain and maintain any third-party license required to develop new products and product enhancements could seriously harm our business, financial condition and results of operations.

#### ***Risks Related to our Locations in Israel and Canada and Our International Operations***

- Conditions in Israel could materially and adversely affect our business.
- It may be difficult to enforce a U.S. judgment against us, our officers and directors named herein in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors.
- Because we are a corporation incorporated in British Columbia and some of our directors and officers are resident in Canada, it may be difficult for investors in the United States to enforce civil liabilities against us based solely upon the federal securities laws of the United States. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada.
- We have operations in China, which exposes us to risks inherent in doing business there.
- The impact of potential changes in customs, tariffs, and trade policies in the United States and the potential corresponding actions by other countries, in which we do business could adversely impact our financial performance.

- Operating outside of the United States presents specific risks to our business, and we have substantial operations outside of the United States.
- Foreign currency fluctuations may reduce our competitiveness and sales in foreign markets.

### *Risks Related to Ownership of Our Securities*

- We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects. In addition, such funding may dilute our existing shareholders.
- We expect that our stock price will fluctuate significantly, and you may not be able to resell your shares at or above the public offering price you paid for your shares.
- The conversion of the Lind Partner Note and the exercise of the Lind Partner Warrant or future sales of our Common Shares may further dilute the Common Shares and adversely impact the price of our Common Shares.
- If we are not able to comply with the applicable continued listing requirements or standards of Nasdaq, Nasdaq could delist our Common Shares and Warrants which could negatively impact the price of our securities and an investor's ability to sell them. We have until August 21, 2023 to regain compliance with the minimum bid price requirement set forth under Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"), resulting from the fact that the closing bid price of the Company's Common Shares, no par value per share, was below \$1.00 per share for a period of 30 consecutive business days.
- If our Common Shares become subject to the penny stock rules, it may be more difficult to sell our Common Shares.
- If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.
- We will continue to incur significant increased costs as a result of operating as a public company in the United States, and our management will be required to devote substantial time to new compliance initiatives.
- Because we are a foreign private issuer and are exempt from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.
- We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.
- We will continue to incur significant increased costs as a result of operating as a public company in the United States, and our management will be required to devote substantial time to new compliance initiatives.
- Our executive officers and directors, and their affiliated entities, along with our two other largest stockholders, own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

- The exercise of the outstanding warrants may further dilute the Common Shares and adversely impact the price of our Common Shares.
- The market for our Common Shares may not provide investors with adequate liquidity.
- Since we do not expect to pay any cash dividends for the foreseeable future, investors in our common shares may be forced to sell their stock in order to obtain a return on their investment.

5

- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.
- A possible “short squeeze” due to a sudden increase in demand of our Common Shares that largely exceeds supply may lead to price volatility in our Common Shares.
- The Company was under a cease trading order with the British Columbia Securities Commission, for late filing of the Company’s three month ended March 31, 2023 financial statements which was rectified on May 24, 2023.
- The Company has received a notice from NASDAQ that the Company is in default of maintaining a minimum bid price of \$1.00 per share. In the event this is not rectified by August 21, 2023, the Company will be de-listed from NASDAQ exchange. The Company has affected a 100-to-1 reverse stock split on August 10, 2023 at a price of \_\_\_\_\_ and if the price remains above \$1.00 for ten consecutive days, then the default will have been rectified.

### **Risks Related to Our Financial Position and Capital Requirements**

***We have a history of operating losses and we may never achieve or maintain profitability.***

We have a limited operating history and a history of losses from operations. As of June 30, 2023 accumulated deficit of \$85,030,279. Our existing cash and cash equivalents will be insufficient to fully fund our business plan. Our ability to achieve profitability will depend on whether we can obtain additional capital when we need it, complete the development of our technology, obtain required regulatory approvals and continue to develop arrangements with channel partners. There can be no assurance that we will ever achieve profitability.

Our independent registered public accounting firm, in its report on our financial statements for the year ended December 31, 2022, concurs with management representation that raises substantial doubt about our ability to continue as a going concern.

***We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.***

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our solutions, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, in addition to the revenues we generate from our business, we may need to engage in additional equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Common Shares. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may



make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely impacted. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a significant adverse impact on our business, operating results and financial condition.

***Our independent registered public accountants have noted that we may not survive as a going concern.***

Our independent registered public accountants have included a “going concern” explanatory paragraph in its report on our consolidated financial statements for the fiscal year ended December 31, 2022, concurring with management representation of expressing substantial doubt about our ability to continue as an ongoing business for the next twelve months. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot secure the financing needed to continue as a viable business, our shareholders may lose some or all of their investment in us.

***Our independent registered public accountants have identified material weaknesses in our internal controls over financial reporting in both 2022 and 2021. If we are unable to remediate these material weaknesses, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner.***

In connection with the audit of our consolidated financial statements for the years ended December 31, 2022 and 2021, our independent registered public accountants identified several material weaknesses in our internal control over financial reporting. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In 2022, our independent registered public accountants identified the following material weaknesses in our internal control over financial reporting. The first material weakness related to our revenue recognition practices where we do not sufficiently review (i) product returns in relation to product sales and (ii) for title transfer terms to determine when revenue should be recorded. The second material weakness related to insufficient documentation of inventory controls relating to our inventory balances, advances to suppliers, and off-site inventory tracking is limited. The third material weakness related to internal control weaknesses in the capitalization and coordination of development costs to prevent excess payments and erroneously recorded invoices.

For the material weaknesses identified in our 2022 audit, we have taken steps to remediate these material weaknesses, and to further strengthen our accounting staff and internal controls, as detailed below:

- With respect to the revenue recognition practices, management will consistently apply of IFRS15 with respect to the five criterion for revenue recognition, In addition, management will institute peer review of North American sales by the Israeli subsidiary’s chief financial officer and peer review by Company’s Chief Financial Officer of Israeli sales recognition policy on a quarterly basis and engage in dialogue on new customers to ensure the revenue recognition policy and the customer contracts are consistently applied.
- With respect to the inventory control weaknesses, management will institute the following remediation procedures:

- Monthly comparison of inventory first and last cost in USD\$ between periods to note any changes and to investigate the reason for these discrepancies to provide a more accurate quantum of write downs and consistent costing.
- The implementation of an IT system to track the inventory movements in North America;
- Monthly comparison of inventory units between periods to note any changes and to investigate the reason for any inconsistencies.
- Obtain confirmation of goods in transit with external vendors and consignment customers on a more timely basis.

7

- With respect to the development cost weaknesses, the research and development team will be required to approve all invoices from the R&D sub-contractor and ensure they fall within the budget to ensure the amounts capitalized are not in excess of the original budget with its discounted cash flows. Once the R&D team has approved the invoice based on the above criteria, the Company's Chief Executive Officer will review the documentation and once approved, will forward said documentation to the Company's Chief Financial Officer in Canada for wire initiation.

In 2021, our independent registered public accountants identified the following material weaknesses in our internal control over financial reporting. The first material weakness related to the insufficient review of inventory balances for products which are slow-moving. The second material weakness related to the insufficient review of advances to suppliers on products that are no longer selling, the third material weakness relates to insufficient controls surrounding off-site inventory tracking. The fourth material weakness related to insufficient review whether product returns relate to sales recorded in the fiscal year. The fifth material weakness relates to insufficient review of title transfer terms to determine the period in which revenue should be recorded.

For the material weaknesses identified in our 2021 audit, we have taken steps to remediate these material weaknesses, and to further strengthen our accounting staff and internal controls, as detailed below:

- On a quarterly basis, the Company now reviews inventory on hand for slow moving merchandise and reviews inventory on hand regularly. For the year ended 2021, it was determined that \$4,659,648 (2020-\$1,571,649) of the inventory was impaired due to slow movement. The accessories and spare parts related to these products amounted to \$839,693 (2020 - \$316,000), which was also impaired.
- The Company now reviews quantities on hand before approving purchase orders.
- As of April 1, 2022, the Company signed a lease for their own exclusive warehouse space so that outside contract warehouses will not be required.
- The Company now reviews product returns to compare and ensure that they occur in the same fiscal year.
- The Company's controller scrutinizes all revenues earned in the period to ensure compliance with IFRS15.
- The Company's controller and CFO in Canada coordinates full scheduling of the year end process to ensure timely close off of accounting periods.

To date, we have only partially remediated the material weaknesses identified in 2022 and 2021 above. We cannot be certain that other material weaknesses and control deficiencies will not be discovered in the future. If our

efforts are not successful or other material weaknesses or control deficiencies occur in the future, we may be unable to report our financial results accurately on a timely basis or help prevent fraud, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence or delisting and cause the market price of our Common Shares to decline.

We began to take steps to remediate these material weaknesses and strengthen our internal control over financial reporting, including the following:

- (i) documenting and formally assessing our accounting and financial reporting policies and procedures; and
- (ii) increasing the use of third-party consultants in assessing significant accounting transactions and other technical accounting and financial reporting issues, preparing accounting memoranda addressing these issues and maintaining these memoranda in our corporate records.

8

While we believe that these efforts will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. We cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to maintain effective internal control over financial reporting. Accordingly, there could continue to be a reasonable possibility that a misstatement of our accounts or disclosures that would result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

### **Risks Related to Our Business and Industry**

***We rely on our channel partners to generate a substantial majority of our revenues. If these channel partners fail to perform or if we cannot enter into agreements with channel partners on favorable terms, our operating results could be significantly harmed.***

More than 72% of our revenues for the six months ended June 30, 2023 (33% of our revenues for the six month period ended June 30, 2022), were generated through sales by our channel partners, which are primarily wireless carriers who sell our devices through their sales channels. To the extent our channel partners are unsuccessful in selling or do not promote our products, or we are unable to obtain and retain a sufficient number of high-quality channel partners, our business and operating results could be significantly harmed. Our channel partners are wireless carriers who have direct and indirect sales channels which we are leveraging to get to their customers. Our wireless carrier channel partners currently include:

- AT&T, in the United States;
- FirstNet, in the United States;
- Verizon, in the United States;
- T-Mobile, in the United States;
- Bell Mobility, in Canada;
- Rogers, in Canada; and
- a leading global land mobile radio, or LMR, vendor and distributor in North America and international markets.

While these arrangements are typically long term, they generally do not contain any firm purchase volume commitments. As a result, our channel partners are not contractually obligated to purchase from us any minimum number of products. We are generally required to satisfy any and all purchase orders delivered to us within specified delivery windows, with limited exceptions (such as orders significantly in excess of forecasts). If we are unable to efficiently manage our supply and satisfy purchase orders on a timely basis to our channel partners, we may be in breach of our sales arrangements and lose potential sales. If a technical issue with any of our covered products exceeds certain present failure thresholds for the relevant performance standard or standards, the channel partner typically has the right to cease selling the product, cancel open purchase orders and levy certain monetary penalties. If our products suffer technical issues or failures following sales to our channel partners, we may be subject to significant monetary penalties and our channel partners may cease making purchase orders, which would significantly harm our business and results of operations. In addition, our channel partners retain sole discretion in which of their stocked products to offer their customers. While we may offer limited customer incentives, we generally have limited to no control over which products our channel partners decide to offer or promote, which directly impacts the number of products that our partners will purchase from us.

In addition, our channel partners may be unsuccessful in marketing, selling and supporting our solutions. They may also market, sell and support solutions that are somewhat competitive with ours, and may devote more resources to the marketing, sales and support of such products. They may have incentives to promote our competitors' products in lieu of our products, particularly for our bigger competitors with larger volumes of orders, more diverse product offerings and a longer relationship with our generally large-scale channel partners. As a result, our channel partners may stop selling our products completely. While we employ a small direct sales force, our channel partners have significantly larger sales teams who are not contractually obligated to promote any of our devices and often have multiple competing devices in stock to offer their customers. In addition, downstream sales by our channel partners often succeed due to attractive device prices and monthly rate plans, which we do not control. In certain cases, we may promote our own devices through customer incentives, however, there can be no assurance that any such incentives would contribute to increased purchases of our products. Further, given the impact of attractive pricing on ultimate sales, we generally must offer increased promotional funding or price reductions for our more expensive products. This promotional funding or price reductions operate to reduce our margins and significantly impact our profitability.

New sales channel partners may take several months or more to achieve significant sales. Our channel partner sales structure could subject us to lawsuits, potential liability and reputational harm if, for example, any of our channel partners misrepresents the functionality of our products or services to their customers, or violate laws or our corporate policies.

If we fail to effectively manage our existing or future sales channel partners, our channel partners fail to promote our products effectively, we are unable to meet our obligations under our sales arrangements or future agreements that we may enter into with wireless carrier customers have terms that are more favorable to the customer, our business and results of operations would be harmed.

***We are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets, and if end customers in those markets do not purchase our solutions, our revenues will be adversely impacted, and we may not be able to expand into other markets.***

Our revenues have been primarily in the industrial enterprise market, and we are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets. End customers in the public sector market may remain, for reasons outside our control, tied to LMR solutions or other competitive alternatives to our devices. Sales of our products to these buyers may also be delayed or limited by these competitive conditions. If our products are not widely accepted by buyers in those markets, we may not be able to expand sales of our products into new markets, and our business, results of operations and financial condition may be adversely impacted.

***We participate in a competitive industry, which may become more competitive. Competitors with greater resources and significant experience in high-volume product manufacturing may be able to respond more quickly and cost-effectively than we can to new or emerging technologies and changes in customer requirements.***

We face significant competition in developing and selling our solutions. Our primary competitors in the non-rugged mobile device market include LG Corporation, Apple Inc. and Samsung Electronics Co. Ltd. Our primary competitors in the rugged mobile device market include Sonim Technologies Inc., Bullitt Mobile Ltd., and Kyocera Corporation. We also face competition from large system integrators and manufacturers of private and public wireless network equipment and devices. Competitors in this space include Harris Corporation, JVC KENWOOD Corporation, Motorola, and Tait International Limited. Within the Cellular Booster category, we have several direct competitors, including Wilson Electronics, LLC, or Wilson Electronics, Nextivity, Inc. and SureCall Company.

We cannot assure you that we will be able to compete successfully against current or future competitors. Increased competition in mobile computing platforms, data capture products, or related accessories and software developments may result in price reductions, lower gross profit margins, and loss of market share, and could require increased spending on research and development, sales and marketing, and customer support. Some competitors may make strategic acquisitions or establish cooperative relationships with suppliers or companies that produce complementary products, which may create additional pressures on our competitive position in the marketplace.

10

Most of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources and experience than we do. In addition, because of the higher volume of components that many of our competitors purchase from their suppliers, they are able to keep their supply costs relatively low and, as a result, may be able to recognize higher margins on their product sales than we do. Many of our competitors may also have existing relationships with the channel partners who we use to sell our products, or with our potential customers. This competition may result in reduced prices, reduced margins and longer sales cycles for our products. Our competitors may also be able to more quickly and cost-effectively respond to new or emerging technologies and changes in customer requirements. The combination of brand strength, extensive distribution channels and financial resources of the larger vendors could cause us to lose market share and could reduce our margins on our products. If any of our larger competitors were to commit greater technical, sales, marketing and other resources to our markets, our ability to compete would be adversely impacted. If we are unable to successfully compete with our competitors, our sales would suffer and as a result our financial condition will be adversely impacted.

***Defects in our products could reduce demand for our products and result in a loss of sales, delay in market acceptance and injury to our reputation, which would adversely impact our business.***

Complex software, as well as multiple components, displays, plastics and assemblies used in our products may contain undetected defects that are subsequently discovered at any point in the life of the product. Defects in our products may result in a loss of sales, product malfunction, delay in market acceptance and potential injuries to our customers which can bring to injury in our reputation and increased warranty costs.

Additionally, our software may contain undetected errors, defects or bugs. Although we have not suffered significant harm from any errors, defects or bugs to date, we may discover significant errors, defects, or bugs in the future that we may not be able to correct or correct in a timely manner. It is possible that errors, defects or bugs will be found in our existing or future software and/or hardware products and related services with the potential for delays in, or loss of market acceptance of, our products and services, diversion of our resources, injury to our reputation, increased service and warranty expenses, and payment of damages.

Further, errors, defects or bugs in our solutions could be exploited by hackers or could otherwise result in an actual or perceived breach of our information systems. Alleviating any of these problems could require significant expense and could cause interruptions, delays or cessation of our product licensing, which would reduce demand for

our products and result in a loss of sales, delay in market acceptance and injure our reputation and could adversely impact our business, results of operations and financial condition.

***If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business would suffer.***

Our ability to successfully grow our business depends on a number of factors including our ability to:

- accelerate the adoption of our solutions by new end customers;
- expand into new vertical markets;
- develop and deliver new products and services;
- increase awareness of the benefits that our solutions offer; and
- expand our domestic and international footprint.

11

As usage of our solutions grows, we will need to continue to make investments to develop and implement new or updated solutions, software, technologies, security features and cloud-based infrastructure operations. In addition, we will need to appropriately scale our internal business systems and our services organization, including the suppliers of our products and customer support services, to serve our growing customer base. Any failure of, or delay in, these efforts could impair the performance of our solutions and reduce customer satisfaction.

Further, our growth could increase quickly and place a strain on our managerial, operational, financial and other resources, and our future operating results depend to a large extent on our ability to successfully manage our anticipated expansion and growth. To manage our growth successfully, we will need to continue to invest in sales and marketing, research and development, and general and administrative functions and other areas. We are likely to recognize the costs associated with these investments earlier than receiving some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely impact our operating results.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new solutions or upgrades to our existing solutions, satisfy customer requirements, maintain the quality and security of our solutions or execute on our business plan, any of which could harm our business, operating results and financial condition.

***We may not be able to continue to develop solutions to address user needs effectively in an industry characterized by ongoing change and rapid technological advances.***

To be successful, we must adapt to rapidly changing technological and application needs by continually improving our products, as well as introducing new products and services, to address user demands.

Our industry is characterized by:

- evolving industry standards;
- frequent new product and service introductions;
- increasing demand for customized product and software solutions;

- rapid competitive developments;
- changing customer demands; and
- evolving distribution channels.

Future success will depend on our ability to effectively and economically adapt in this evolving environment. We could incur substantial costs if we must modify our business to adapt to these changes, and may even be unable to adapt to these changes.

***The markets for our devices and related accessories may not develop as quickly as we expect, or may not develop at all. Our dependence on our cellular carrier channel partners and their success in promoting Push to Talk over Cellular to their client base is key for the success of the business.***

Our future success is substantially dependent upon continued adoption of devices and related accessories in the industrial enterprise and public sector markets, including the transition from LMR to Push to Talk over Cellular and LTE networks. These market developments and transitions may take longer than we expect or may not occur at all, and may not be as widespread as we expect. If the market does not develop as we expect, our business, operating results and financial condition would be significantly harmed.

12

***Our future success is dependent on our ability to create independent brand awareness for our company and products with end customers, and our inability to achieve such brand awareness could limit our prospects.***

We depend on wireless carriers to promote and distribute our products. While we intend to ramp up direct marketing and end-customer brand awareness initiatives in the future, our sales and marketing efforts have historically been predominantly focused on channel partners. To increase end-customer brand awareness, we intend to develop sales tools for key verticals within our target markets, increase usage of social media and expand product training efforts, among other things. As a result, we expect our sales and marketing expenses to increase in the future, primarily from increased sales personnel expenses, which will require us to cost-efficiently ramp up our sales and marketing capabilities and effectively target end customers. However, there can be no assurance that we will successfully increase our brand awareness or do so in a cost-efficient manner while maintaining market share within our existing sales channels. Our failure to establish stand-alone brand awareness with end customers of our products will leave us vulnerable to the marketing and selling success of others, including our channel partners, and these developments could have an adverse impact on our prospects. If we are unable to significantly increase the awareness of our brand and solutions with end customers in a cost-efficient manner, we will remain significantly dependent on our channel partners for sales of our products, and our business, financial condition and results of operations could be adversely impacted.

***We are dependent on the continued services and performance of a concentrated group of senior management and other key personnel, the loss of any of whom could adversely impact our business.***

Our future success depends in large part on the continued contributions of a concentrated group of senior management and other key personnel. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our solutions and our strategic direction. We also depend on the contributions of key technical personnel. Our senior management and key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. The loss of any of our key personnel could significantly delay or prevent the achievement of our development and strategic objectives and harm our business.

***We compete in a rapidly evolving market, and the failure to respond quickly and effectively to changing market requirements could cause our business and operating results to decline.***

The mobile device market is characterized by rapidly changing technology, changing customer needs, evolving industry standards and frequent introductions of new products and services. In order to deliver a competitive mobile device, our solutions must be capable of operating in an increasingly complex network environment. As new wireless phones are introduced and standards in the mobile device market evolve, we may be required to modify our phones and services to make them compatible with these new products and standards. Likewise, if our competitors introduce new devices and services that compete with ours, we may be required to reposition our solutions or introduce new phones and solutions in response to such competitive pressure. We may not be successful in modifying our current devices or introducing new ones in a timely or appropriately responsive manner, or at all. If we fail to address these changes successfully, our business and operating results could be significantly harmed.

***If we are unable to sell our solutions into new markets, our revenues may not grow.***

Any new market into which we attempt to sell our solutions may not be receptive. Our ability to penetrate new markets depends on the quality of our solutions, the continued adoption of our public safety solution by first responders, the perceived value of our solutions as a risk management tool and our ability to design our solutions to meet the demands of our customers. If the markets for our solutions do not develop as we expect, our revenues may not grow.

13

Our ability to successfully face these challenges depends on several factors, including increasing the awareness of our solutions and their benefits, the effectiveness of our marketing programs, the costs of our solutions, our ability to attract, retain and effectively train sales and marketing personnel, and our ability to develop relationships with wireless carriers and other partners. If we are unsuccessful in developing and marketing our solutions into new markets, new markets for our solutions might not develop or might develop more slowly than we expect, either of which would harm our revenues and growth prospects.

***If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely impacted.***

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. If we are unable to attract, integrate and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements on a timely basis or at all, our business will be adversely impacted.

Volatility or lack of positive performance in our stock price may also affect our ability to attract and retain our key employees. Many of our senior management personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the market price of our Common Shares. If we are unable to appropriately incentivize and retain our employees through equity compensation, or if we need to increase our compensation expenses in order to appropriately incentivize and retain our employees, our business, operating results and financial condition would be adversely impacted.



***A security breach or other significant disruption of our IT systems or those of our partners, suppliers or manufacturers, caused by cyberattacks or other means, could have a negative impact on our operations, sales, and operating results.***

All IT systems are potentially vulnerable to damage, unauthorized access or interruption from a variety of sources, including but not limited to, cyberattacks, cyber intrusions, computer viruses, security breaches, energy blackouts, natural disasters, terrorism, sabotage, war, insider trading and telecommunication failures. A cyberattack or other significant disruption involving our IT systems or those of our outsource partners, suppliers or manufacturers could result in the unauthorized release of proprietary, confidential or sensitive information of ours or result in virus and malware installation on our devices. Such unauthorized access to, or release of, this information or other security breaches could: (i) allow others to unfairly compete with us, (ii) compromise safety or security, (iii) subject us to claims for breach of contract, tort, and other civil claims, and (iv) damage our reputation. Any or all of the foregoing could have a negative impact on our business, financial condition and results of operations.

14

***We experience lengthy sales cycles for our products and the delay of an expected large order could result in a significant unexpected revenue shortfall.***

The purchase of our products is often an enterprise-wide decision for prospective customers, which requires us to engage in sales efforts over an extended period of time and provide a significant level of education to prospective customers regarding the uses and benefits of such devices. Prospective customers, especially the wireless carriers that sell our products, often undertake a prolonged evaluation process that may take from several months to several years in certain cases. Consequently, if our forecasted sales from a specific customer are not realized, we may not be able to generate revenues from alternative sources in time to compensate for the shortfall. The loss or delay of an expected large order could also result in a significant unexpected revenue shortfall. Moreover, to the extent we enter into and deliver our products pursuant to significant contracts earlier than we expected, our operating results for subsequent periods may fall below expectations. We may spend substantial time, effort and money on our sales and marketing efforts without any assurance that our efforts will produce any sales. If we are unable to succeed in closing sales with new and existing customers, our business, operating results and financial condition will be harmed.

***We have a limited history of contracting with third party manufacturers in Asia for the high-volume commercial production of our devices, and we may face manufacturing capacity constraints.***

We have limited history and experience in contracting with third party manufacturers in Asia for the high-volume commercial production of our devices. Because of this limited production history, we face challenges in predicting our business and evaluating its prospects, which may result in breakdowns of our ability to timely supply our devices to our customers. Moreover, we face manufacturing capacity constraints that present further risks to our business. If overall demand of our devices increases in the future, we will need to expand our third party manufacturing capacity in a cost-efficient manner. Failing to meet customer demand due to our failure to successfully address these risks and challenges could adversely impact our reputation and future sales, which would significantly harm our business, results of operations and financial condition.

***We face risks related to novel Coronavirus (COVID-19) which could significantly disrupt our research and development, operations, sales, supply chain and financial results.***

Our business will be adversely impacted by the effects of the Novel Coronavirus (COVID-19). In addition to global macroeconomic effects, the novel Coronavirus (COVID-19) outbreak and any other related adverse public health developments will cause disruption to our operations, research and development, and sales activities. Our third-party manufacturers, third-party distributors, and our customers have been and will be disrupted by worker absenteeism, quarantines and restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the

magnitude of such effects on our activities or the operations of our third-party manufacturers and third-party distributors, the supply of our products will be delayed, which could adversely affect our business, operations and customer relationships. In addition, the novel Coronavirus (COVID-19) or other disease outbreak will in the short-run, and may over the longer term, adversely affect the economies and financial markets of many countries, resulting in an economic downturn that will affect demand for our products and impact our operating results. There can be no assurance that any decrease in sales resulting from the novel Coronavirus (COVID-19) will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the novel Coronavirus (COVID-19) outbreak on our business and operations remains uncertain, the continued spread of the novel Coronavirus (COVID-19) or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions will adversely impact our business, financial condition, operating results and cash flows. In addition, we have experienced and will experience disruptions to our business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products in a timely manner or meet required milestones or customer commitments.

Our business has not experienced any material impact from supply chain disruptions brought about by the novel Coronavirus (COVID-19) pandemic, however there is no certainty that this will continue into the future. Management is carefully monitoring the situation and is working with its partners, suppliers and manufacturers to ensure minimal impact on its business.

***Our financial condition and results of operations as well as those of potential customers could be adversely affected by the Russian invasion of Ukraine, which has caused a material adverse effect on the level of economic activity around the world, including in the markets we serve.***

In February 2022, the Russian Federation invaded Ukraine. As a result of the invasion, various nations, including the United States, have instituted economic sanctions against the Russian Federation and Belarus and certain of their citizens. While we currently have no customers or suppliers located in Belarus, the Russian Federation or Ukraine, nor have we experienced any supply disruptions directly related to the Russian invasion of Ukraine as we do not knowingly source any materials originating from Belarus, the Russian Federation or Ukraine, as the war in Ukraine continues or possibly escalates, this may lead to further disruption, instability and volatility in global markets and industries that could negatively impact our customers, operations and our supply chain. The impact of the conflict and related sanctions on the world economy are subject to rapid change and are difficult to predict. The war has created disruptions in the supply chain for certain of our products which, to date, has not had a substantive impact on our operations. None of our critical raw materials are sourced from, and none of our finished products are manufactured in, the sanctioned regions. We have no operations or other projects in that region.

We are monitoring any broader economic impact from Russia's invasion of Ukraine and the ongoing war between the two nations, including heightened risk of cyberattacks, increased prices of fuel and other commodities, and potential impacts to our partners' supply chains. Our financial condition, results of operations, and cash flows may be materially adversely affected, but the specific impact on our financial condition, results of operations, and cash flows is currently difficult to determine.

***We rely on industry data and projections which may prove to be inaccurate.***

We obtained statistical data, market data and other industry data and forecasts used in this prospectus from market research, publicly available information and industry publications. These industry data, including the vehicle communications industry, include projections that are based on a number of assumptions which have been derived from industry and government sources which we believe to be reasonable. The vehicle communications industry may not grow at the rate projected by industry data, or at all. The failure of the industry to grow as anticipated is likely to have a material adverse effect on our business and the market price of our Common Shares. In addition, the rapidly changing nature of the vehicle communications industry subjects any projections or estimates relating to the growth prospects or future condition of our industries to significant uncertainties. Furthermore, if any one or more of the

assumptions underlying the industry data turns out to be incorrect, actual results may, and are likely to, differ from the projections based on these assumptions. While we believe that the statistical data, industry data and forecasts and market research are reliable, we have not independently verified the data.

### **Risks Related to our Reliance on Third Parties**

***As we work with multiple vendors for our components, if we fail to adequately forecast demand for our inventory and supply needs, we could incur additional costs or experience manufacturing delays, which could reduce our gross margin or cause us to delay or even lose sales.***

Because our production volumes are based on a forecast of channel partner demand rather than purchase commitments from our major customers, there is a risk that our forecasts could be inaccurate and that we will be unable to sell our products at the volumes and prices we expect, which may result in excess inventory. We provide, and will continue to provide, forecasts of our demand to our third-party suppliers prior to the scheduled delivery of products to our channel partners. If we overestimate our requirements, our contract manufacturers may have excess component inventory, which could increase our costs. If we underestimate our requirements, our contract manufacturers may have inadequate component inventory, which could interrupt the manufacturing of our products and result in delays in shipments and revenues or even lost sales, or could incur unplanned overtime costs to meet our requirements, resulting in significant cost increases. For example, certain materials and components used to manufacture our products may reach end of life during any of our product's life cycles, following which suppliers no longer provide such expired materials and components. This would require us to either source and qualify an alternative component, which could require a re-certification of the device by the wireless carriers and/or regulatory agencies, or forecast product demand for a final purchase of such materials and components that may reach end of life to ensure that we have sufficient product inventory through a product's life cycle. If we overestimate forecasted demand, we would hold excess end-of-life materials and components resulting in increased costs. If we underestimate forecasted demand, we could experience delays in shipments and loss of revenues.

In addition, if we underestimate our requirements and the applicable supplier becomes insolvent or is no longer able to timely supply our needs in a cost-efficient manner or at all, we may be required to acquire components, which may need to be customized for our products, from alternative suppliers, including at significantly higher costs. If we cannot source alternative suppliers and/or alternative components, we may suffer delays in shipments or lost sales. Similarly, credit constraints at our suppliers could require us to accelerate payment of our accounts payable, impacting our cash flow. Further, lead times for materials and components that we order vary significantly and depend on factors such as the specific supplier, contract terms, customization needed for any particular component and demand for each component at a given time. Any such failure to accurately forecast demand and manufacturing and supply requirements, and any need to obtain alternative supply sources, could materially harm our business, results of operations and financial condition.

***Our dependence on third-party suppliers for key components of our products could delay shipment of our products and reduce our sales.***

We depend on certain suppliers for the delivery of components used in the assembly of our products. Our reliance on third-party suppliers creates risks related to our potential inability to obtain an adequate supply of components and reduced control over pricing and timing of delivery of components. In particular, we have little to no control over the prices at which our suppliers sell materials and components to us. Certain supplies of our components are available only from a single source or limited sources and we may not be able to diversify sources in a timely manner. We have experienced shortages in the past that have negatively impacted our results of operations and may experience such shortages in the future.

We also do not have long-term supply agreements with any of our suppliers. Our current contracts with certain suppliers may be cancelled or not extended by such suppliers and, therefore, do not afford us with sufficient

protection against a reduction or interruption in supplies. Moreover, in the event any of these suppliers breach their contracts with us, our legal remedies associated with such a breach may be insufficient to compensate us for any damages we may suffer.

Any interruption of supply for any material components of our products, or inability to obtain required components from our third-party suppliers, could significantly delay the production and shipment of our products and harm our revenues, profitability and financial condition.

17

***Because we rely on a small number of channel partners/customers for a large portion of our revenue, the loss of any of these customers would have a material adverse effect on our operating results and cash flows.***

For our six month period ended June 30, 2023, we derived 67% of our revenue from five customers/channel partners. Any termination of a business relationship with, or a significant sustained reduction in business from, one or more of these channel partners/customers could have a material adverse effect on our operating results and cash flows.

***If dedicated public safety LTE networks are not deployed at the rate we anticipate or at all, demand for our solutions may not grow as expected.***

A key part of our strategy is to further expand the use of our solutions over dedicated LTE networks in the public safety market. If the deployment of dedicated LTE networks is delayed or such networks are not adopted at the rate we anticipate, demand for our solutions may not develop as we anticipate, which would have a negative effect on our revenues.

***The application development ecosystem supporting our devices and related accessories is new and evolving.***

The application development ecosystem supporting our devices and related accessories is new and evolving. Specifically, the number of application developers in the ecosystem supporting our devices and accessories is small. If the market or the application development ecosystem does not develop, timely or at all, demand for our products may be limited, and our business and results of operations will be significantly harmed.

***Failure of our suppliers, subcontractors, distributors, resellers, and representatives to use acceptable legal or ethical business practices, or to fail for any other reason, could negatively impact our business.***

We do not control the labor and other business practices of our suppliers, subcontractors, distributors, resellers and third-party sales representatives, or TPSRs, and cannot provide assurance that they will operate in compliance with applicable rules, and regulations regarding working conditions, employment practices, environmental compliance, anti-corruption, and trademark a copyright and patent licensing. If one of our suppliers, subcontractors, distributors, resellers, or TPSRs violates labor or other laws or implements labor or other business practices that are regarded as unethical, the shipment of finished products to us could be interrupted, orders could be cancelled, relationships could be terminated, and our reputation could be damaged. If one of our suppliers or subcontractors fails to procure the necessary license rights to trademarks, copyrights or patents, legal action could be taken against us that could impact the saleability of our products and expose us to financial obligations to a third party. Any of these events could have a negative impact on our sales and results of operations.

Moreover, any failure of our suppliers, subcontractors, distributors, resellers and TPSRs, for any reason, including bankruptcy or other business disruption, could disrupt our supply or distribution efforts and could have a negative impact on our sales and results of operations.

***Our products are subject to risks associated with sourcing and manufacturing.***

We do not own or operate any of the manufacturing facilities for our products and rely on a concentrated number of independent suppliers to manufacture all of the products we sell. For our business to be successful, our suppliers must provide us with quality products in substantial quantities, in compliance with regulatory requirements, at acceptable costs and on a timely basis. Our ability to obtain a sufficient selection or volume of merchandise on a timely basis at competitive prices could suffer as a result of any deterioration or change in our supplier relationships or events that adversely affect our suppliers.

18

There can be no assurance we will be able to detect, prevent or fix all defects that may affect our products manufactured by our suppliers. Failure to detect, prevent or fix defects, or the occurrence of real or perceived quality or safety problems or material defects in our current and future products, could result in a variety of consequences, including a greater number of product returns than expected from customers and our wholesale partners, litigation, product recalls and credit, warranty or other claims, among others, which could harm our brand, results of operations and financial condition. Such problems could hurt our brand image, which is critical to maintaining and expanding our business. Any negative publicity or lawsuits filed against us related to the perceived quality and safety of our products could harm our brand and decrease demand for our products.

If one or more of our significant suppliers were to sever their relationship with us or significantly alter the terms of our relationship, including due to changes in applicable trade policies, we may not be able to obtain replacement products in a timely manner, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, if any of our primary suppliers fail to make timely shipments, do not meet our quality standards or otherwise fail to deliver us product in accordance with our plans, there could be a material adverse effect on our results of operations.

Our contractors and suppliers buy raw materials and are subject to wage rates that are oftentimes regulated by the governments of the countries in which our products are manufactured. The raw materials used to manufacture our products are subject to availability constraints and price volatility. There could be a significant disruption in the supply of raw materials from current sources or, in the event of a disruption, our suppliers might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price or at all. Our business is dependent upon the ability of our unaffiliated suppliers to locate, train, employ and retain adequate personnel. Our unaffiliated suppliers have experienced, and may continue to experience in the future, unexpected increases in work wages, whether government-mandated or otherwise. Our suppliers may increase their pricing if their raw materials became more expensive. Our suppliers may pass the increase in sourcing costs to us through price increases, thereby impacting our margins. Material changes in the pricing practices of our suppliers could negatively impact our profitability.

In addition, we cannot be certain that our unaffiliated suppliers will be able to fill our orders in a timely manner. If we experience significant increases in demand, or reductions in the availability of materials, or need to replace an existing supplier, there can be no assurance additional supplies of raw materials or additional manufacturing capacity will be available when required on terms acceptable to us, or at all, or that any supplier would allocate sufficient capacity to us in order to meet our requirements. In addition, even if we are able to expand existing or find new manufacturing or sources of materials, we may encounter delays in production and added costs as a result of the time it takes to train suppliers in our methods, products, quality control standards and labor, health and safety standards. Any delays, interruption or increased costs in labor or wages, or the supply of materials or manufacture of our products, could have an adverse effect on our ability to meet wholesale partner and customer and consumer demand for our products and result in lower revenue and net income both in the short and long term.

Events that adversely impact our suppliers could impair our ability to obtain adequate and timely supplies. Such events include, among others, difficulties or problems associated with our suppliers' business, the financial instability and labor problems of suppliers, merchandise quality and safety issues, natural or man-made disasters, inclement weather conditions, war, acts of terrorism and other political instability, economic conditions, transportation

delays and shipment issues. Our suppliers may be forced to reduce their production, shut down their operations or file for bankruptcy. Our suppliers may consolidate, increasing their market power. The occurrence of one or more of these events could impact our ability to get products to our customers and/or wholesale partners, result in disruptions to our operations, increase our costs and decrease our profitability.

19

Global sourcing and foreign trade involve numerous factors and uncertainties beyond our control, including:

- increased shipping costs;
- the imposition of additional import or trade restrictions;
- legal or economic restrictions on overseas suppliers' ability to produce and deliver products;
- increased custom duties and tariffs;
- unforeseen delays in customs clearance of goods;
- more restrictive quotas;
- loss of a most favored nation trading status;
- currency exchange rates;
- transportation delays;
- port of entry issues; and
- foreign government regulations, political instability and economic uncertainties in the countries from which we or our suppliers source our products.

Our sourcing operations may also be hurt by health concerns regarding the outbreak of viruses, widespread illness, infectious diseases, contagions and the occurrence of unforeseen epidemics (including the outbreak of the novel Coronavirus (Covid-19) and its potential impact on our financial results) in countries in which our merchandise is produced. Moreover, negative press or reports about internationally manufactured products may sway public opinion, and thus customer confidence, away from our products. Furthermore, changes in U.S. trade policies, including new restrictions, tariffs or other changes could lead to additional costs, delays in shipments, embargos and other uncertainties that could negatively impact our relationships with our international suppliers and materially adversely affect our business. These and other issues affecting our international suppliers or internationally manufactured merchandise could have a material adverse effect on our business, results of operations and financial condition.

In addition, some of our suppliers may not have the capacity to supply us with sufficient merchandise to keep pace with our growth plans, especially if we need significantly greater amounts of inventory. In such cases, our ability to pursue our growth strategy will depend in part upon our ability to develop new supplier relationships.

***The nature of our business may result in undesirable press coverage or other negative publicity, which would adversely impact our brand identity, future sales and results of operations.***

Our solutions are used to assist law enforcement and other public safety personnel in situations involving public safety. The incidents in which our solutions are deployed may involve injury, loss of life and other negative outcomes, and such events are likely to receive negative publicity. Such negative publicity could have an adverse

impact on new sales or renewals or expansions of coverage areas by existing customers, which would adversely impact our financial results and business.

***Changes in the availability of federal funding to support local public safety or other public sector efforts could impact our opportunities with public sector end customers.***

Many of our public sector end customers rely to some extent on funds from the U.S. federal government in order to purchase and pay for our solutions. Any reduction in federal funding for local public safety or other public sector efforts could result in our end customers having less access to funds required to continue, renew, expand or pay for our solutions. For example, changes in policies with respect to “sanctuary cities” may result in a reduction in federal funds available to our current or potential end customers. Additionally, any future U.S. government shutdowns could result in delayed public safety spending or re-allocation of funding into other areas of public safety. If federal funding is reduced or eliminated and our end customers cannot find alternative sources of funding to purchase our solutions, our business will be harmed.

***Economic uncertainties or downturns, or political changes, could limit the availability of funds available to our customers and potential customers, which could significantly adversely impact our business.***

Current or future economic uncertainties or downturns could adversely impact our business and operating results. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, inflation, changes in general interest rates, decisions of central banks, financial and credit market fluctuations, political deadlock, natural catastrophes, warfare and terrorist attacks in North America, Europe, the Asia Pacific region or elsewhere, could cause a decrease in funds available to our customers and potential customers and negatively affect the growth rate of our business.

These economic conditions may make it extremely difficult for our customers and us to forecast and plan future budgetary decisions or business activities accurately, and they could cause our customers to re-evaluate their decisions to purchase our solutions, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times or as a result of political changes, our customers may tighten their budgets and face constraints in gaining timely access to sufficient funding or other credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely impact our financial results.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry, or the impact of political changes. If the economic conditions of the general economy or industries in which we operate worsen from present levels, or if recent political changes result in less funding being available to purchase our solutions, our business, operating results and financial condition could be adversely impacted.

***Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our operating results and financial condition.***

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business and operating results, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a significant adverse impact on our business, operating results and financial condition. In addition, the facilities of significant vendors may

be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or significant adverse impact on our business.

21

***We are exposed to risks associated with strategic acquisitions and investments.***

We may consider strategic acquisitions of companies with complementary technologies or intellectual property in the future. Acquisitions hold special challenges in terms of successful integration of technologies, products, services and employees. We may not realize the anticipated benefits of these acquisitions or the benefits of any other acquisitions we have completed or may complete in the future, and we may not be able to incorporate any acquired services, products or technologies with our existing operations, or integrate personnel from the acquired businesses, in which case our business could be harmed.

Acquisitions and other strategic decisions involve numerous risks, including:

- problems integrating and divesting the operations, technologies, personnel, services or products over geographically disparate locations;
- unanticipated costs, taxes, litigation and other contingent liabilities;
- continued liability for discontinued businesses and pre-closing activities of divested businesses or certain post-closing liabilities which we may agree to assume as part of the transaction in which a particular business is divested;
- adverse impacts on existing business relationships with suppliers and customers;
- cannibalization of revenues as customers may seek multi-product discounts;
- risks associated with entering into markets in which we have no, or limited, prior experience;
- incurrence of significant restructuring charges if acquired products or technologies are unsuccessful;
- significant diversion of management's attention from our core business and diversion of key employees' time and resources;
- licensing, indemnity or other conflicts between existing businesses and acquired businesses;
- inability to retain key customers, distributors, suppliers, vendors and other business relations of the acquired business; and
- potential loss of our key employees or the key employees of an acquired organization or as a result of discontinued businesses.

Financing for future acquisitions may not be available on favorable terms, or at all. If we identify an appropriate acquisition candidate for any of our businesses, we may not be able to negotiate the terms of the acquisition successfully, finance the acquisition or integrate the acquired business, products, service offerings, technologies or employees into our existing business and operations. Future acquisitions and divestitures may not be well-received by the investment community, which may cause the value of our stock to fall. We cannot ensure that we will be able to identify or complete any acquisition, divestiture or discontinued business in the future. Further, the terms of our indebtedness constrain our ability to make and finance additional acquisitions or divestitures.

22



If we acquire businesses, new products, service offerings or technologies in the future, we may incur significant acquisition-related costs. In addition, we may be required to amortize significant amounts of finite-lived intangible assets and we may record significant amounts of goodwill or indefinite-lived intangible assets that would be subject to testing for impairment. We have in the past and may in the future be required to write off all or part of the intangible assets or goodwill associated with these investments that could harm our operating results. If we consummate one or more significant future acquisitions in which the consideration consists of stock or other securities, our existing stockholders' ownership could be significantly diluted. If we were to proceed with one or more significant future acquisitions in which the consideration included cash, we could be required to use a substantial portion of our cash and investments. Acquisitions could also cause operating margins to fall depending on the businesses acquired.

Our strategic investments may involve joint development, joint marketing, or entry into new business ventures, or new technology licensing. Any joint development efforts may not result in the successful introduction of any new products or services by us or a third party, and any joint marketing efforts may not result in increased demand for our products or services. Further, any current or future strategic acquisitions and investments by us may not allow us to enter and compete effectively in new markets or enhance our business in our existing markets and we may have to impair the carrying amount of our investments.

***We could be adversely impacted by changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters.***

International Financial Reporting Standards and related accounting pronouncements, implementation guidelines, and interpretations with regard to a wide range of matters that are relevant to our businesses, including, but not limited to, revenue recognition, asset impairment, inventories, customer rebates and other customer consideration, tax matters, and litigation and other contingent liabilities are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported or expected financial performance or financial condition. New accounting guidance may also require systems and other changes that could increase our operating costs and/or change our financial statements. For example, implementing future accounting guidance related to revenue, accounting for leases and other areas could require us to make significant changes to our accounting systems, impact existing debt agreements and result in adverse changes to our financial statements.

### **Risks Related to Government Regulation**

***The impact of potential changes in customs, tariffs, and trade policies in the United States and the potential corresponding actions by other countries, including recent trade initiatives announced by the U.S. presidential administration against China, in which we do business could adversely impact our financial performance.***

The U.S. government has made proposals that are intended to address trade imbalances, which include encouraging increased production in the United States. These proposals could result in increased customs duties and tariffs, and the renegotiation of some U.S. trade agreements. We import a significant percentage of our products into the United States, and an increase in customs duties and tariffs with respect to these imports could negatively impact our financial performance. If such customs duties and tariffs are implemented, it also may cause U.S. trading partners to take actions with respect to U.S. imports or U.S. investment activities in their respective countries. Any potential changes in trade policies in the United States and the potential corresponding actions by other countries in which we do business could adversely impact our financial performance. Given the level of uncertainty over which provisions will be enacted, we cannot predict with certainty the impact of the proposals.

For example, in 2018, the U.S. presidential administration and Chinese government imposed significant tariffs on exports between the two countries. This evolving policy dispute between China and the United States is

likely to have significant impact on the industries in which we participate, directly and indirectly, and no assurance can be given that any individual customer or significant groups of companies or a particular industry, will not be adversely impacted by any governmental actions taken by either China or the United States. In addition, we manufacture our mobile phones at our facility in Shenzhen, China, which could result in significant additional costs to us when shipping our products to various customers in the United States. It is not possible to predict with any certainty the outcome of the trade dispute between the United States and China, and prolonged or increased tariffs on imports from China to the United States would adversely impact our business, results of operations and financial condition.

In 2020, a Phase One trade agreement was signed imposing specific targets for Chinese purchases of various exports from the United States. These ambitious commitments specified numerical targets in U.S. goods and services exports to China for increases of \$77 billion in 2020 and \$123 billion in 2021 from the 2017 baseline. The Phase One agreement also imposed numerous tariffs on a variety of goods including but not limited to imports from China along with steel and aluminum imports from across the world, creating an upward pressure on prices in the United States. These tariffs currently impact over \$350 billion of imports and exports and increase consumer costs by roughly \$51 billion annually based on 2021 import levels. The uncertainty of the Phase One deal, unilaterally imposed in 2020 and substantially still in effect today, lie in their conditions. For instance, Section 301 enables the president to impose tariffs or quotas wherever the United States Trade Representative (USTR) finds that other nations are engaging in unfair trade practices and Section 232 allows the president to impose trade barriers if the Department of Commerce finds that imports threaten U.S. national security. The Company will be unable to pre-empt decisions of this nature, and as such, the risks and consequences which accompany them.

In 2021, the U.S. presidential administration signed Executive Order 14017 into order, assessing vulnerabilities in four priority product areas: semiconductors, large capacity batteries, critical minerals and materials, and pharmaceuticals and active pharmaceutical ingredients. Executive Order 14017 established an interagency Supply Chain Trade Task Force led by USTR. This task force was directed to identify foreign trade practices that the U.S. deemed unfair or otherwise determined to cause erosion to U.S. critical supply chains. The impact and decisions of this task force may cause consequential action from other trading partners, potentially impacting the Company's financial performance.

Later in 2021 and into 2022, the U.S. Administration replaced the Section 232 tariffs on steel and aluminum imports from the EU with a tariff rate quota system (TRQ), replaced the Section 232 tariffs on steel imports from Japan with a TRQ (the Section 232 aluminum imports from Japan are still in effect) and, as of March 2022, replaced the Section 232 tariffs on steel and aluminum imports from the UK with a TRQ. To date, the US Administration has kept in place all of the Section 301 tariffs on Chinese imports, which might influence importers to shift away from China and reorganize supply chains or otherwise cause decreased trade altogether – both imports and exports – raising prices and reducing options for consumers and businesses in the U.S. While a number of exclusions and extensions to these tariffs exist and evolve within the current administration, retaliatory actions by other nations remain a possibility.

In 2022, five nations had levied retaliatory tariffs up to 70 percent on approximately \$73.2 billion of U.S. exports. These tariffs do not include retaliation by Canada and Mexico; following the reversal of U.S. steel and aluminum tariffs, both Canada and Mexico withdrew their retaliatory tariffs of 7 percent to 25 percent on approximately \$20 billion of U.S. exports. These tariffs also no longer include retaliation by the EU, as it cancelled its retaliatory tariffs in exchange for the United States replacing the aluminum and steel tariffs with a TRQ for EU imports.

The invasion of Ukraine by Russia has resulted increased sanctions on trade with Russia which could reverberate to other countries, other economies and other markets. On February 24, 2023, the United States, in coordination with allies and G7 partners, announced a new set of sanctions, export controls and tariffs targeting key, revenue-generating sectors of the Russian economy and restricting trade with over 200 persons, including both Russian and third-country actors across Europe, Asia and the Middle East. These new measures, taken by the U.S. Department

of the Treasury's Office of Foreign Assets Control, or OFAC, US Department of Commerce's Bureau of Industry and Security, or BIS, Office of the US Trade Representative, or USTR and U.S. Department of State, mark the one-year anniversary of Russia's war against Ukraine. These measures include the following:

- OFAC: (i) announced a new determination targeting the metals and mining sector of the Russian Federation economy under Executive Order 14024; (ii) added 83 entities and 22 individuals to the Specially Designated Nationals and Blocked Persons List, including over 30 third-country individuals and entities, resulting in the freezing of their assets within U.S. jurisdiction and prohibitions on transactions by U.S. persons or within the U.S. that involve such persons and their 50 percent or more owned entities; and (iii) made additions and revisions to several existing general licenses.
- BIS: (i) announced four new rules targeting Russia's defense-industrial base and military and third countries supporting Russia; (ii) expanded export controls under the Export Administration Regulations, including licensing requirements on several commercial and industrial items; and (iii) added 86 entities to the Entity List determined to have engaged in sanctions evasion and backfill activities in support of Russia's defense-industrial sector, prohibiting the targeted companies from purchasing items, such as semiconductors, whether made in the US or with certain US technology or software abroad.
- USTR announced additional tariff increases, primarily targeting metals, minerals and chemical products.

These sanctions, export controls and tariffs are part of the U.S.'s ongoing to impose economic costs on Russia in response to its actions in Ukraine.

***We are subject to anti-corruption, anti-bribery, anti-money laundering, economic sanctions, export control, and similar laws. Non-compliance with such laws can subject us to criminal or civil liability and harm our business, revenues, financial condition and results of operations.***

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. Section 201, the U.S. Travel Act, and other anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies and their employees and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. As we increase our international presence, we may engage with distributors and third-party intermediaries to market our solutions and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities.

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. In particular, the United States prohibits U.S. persons from engaging with individuals and entities identified as "Specially Designated Nationals," such as terrorists and narcotics traffickers. These prohibitions are administered by the U.S. Department of the Treasury's Office of Foreign Assets Control. OFAC rules prohibit U.S. persons from engaging in, or facilitating a foreign person's engagement in, transactions with or relating to the prohibited individual, entity or country, and require the blocking of assets in which the individual, entity or country has an interest. Blocked assets (e.g., property or bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. Other countries in which we operate, including Canada and the United Kingdom, also maintain economic and financial sanctions regimes.

Some of our solutions, including software updates and third-party accessories, may be subject to U.S. export control laws, including the Export Administration Regulations; however, the vast majority of our products are non-

U.S.-origin items, developed and manufactured outside of the United States, and therefore not subject to these laws. For third-party accessories, we rely on manufactures to supply the appropriate export control classification numbers that determine our obligations under these laws.

We cannot assure you that our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international presence, our risks under these laws, rules, and regulations may increase. Further, any change in the applicability or enforcement of these laws, rules, and regulations could adversely impact our business operations and financial results.

Detecting, investigating and resolving actual or alleged violations can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery, anti-money laundering, or economic sanctions laws, rules, and regulations could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, revenues, financial condition, and results of operations would be significantly harmed. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and significant defense costs and other professional fees. Enforcement actions and sanctions could further harm our business, financial condition and results of operations.

***We are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws and regulations.***

Our operations and the products we manufacture and/or sell are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws and regulations. Compliance with such existing or future laws and regulations could subject us to future costs or liabilities, impact our production capabilities, constrict our ability to sell, expand or acquire facilities, restrict what solutions we can offer and generally impact our financial performance. Our products are designed for use in potentially explosive or hazardous environments. If our product design fails for any reason in such environments, we may be subject to product liabilities and future costs. In addition, some of these laws are environmental and relate to the use, disposal, remediation, emission and discharge of, and exposure to hazardous substances. These laws often impose liability and can require parties to fund remedial studies or actions regardless of fault. Environmental laws have tended to become more stringent over time and any new obligations under these laws could have a negative impact on our operations or financial performance.

Laws focused on the energy efficiency of electronic products and accessories, recycling of both electronic products and packaging, reducing or eliminating certain hazardous substances in electronic products, and the transportation of batteries continue to expand significantly. Laws pertaining to accessibility features of electronic products, standardization of connectors and power supplies, the transportation of lithium-ion batteries, and other aspects are also proliferating. There are also demanding and rapidly changing laws around the globe related to issues such as product safety, radio interference, radio frequency radiation exposure, medical related functionality, and consumer and social mandates pertaining to use of wireless or electronic equipment. These laws, and changes to these laws, could have a substantial impact on whether we can offer certain products, solutions, and services, and on what capabilities and characteristics our products or services can or must include.

These laws and regulations impact our products and could negatively impact our ability to manufacture and sell products competitively. In addition, we anticipate that we will see increased demand to meet voluntary criteria related to reduction or elimination of certain constituents from products, increasing energy efficiency and providing additional accessibility.

***Changes in laws and regulations concerning the use of telecommunication bandwidth could increase our costs and adversely impact our business.***

Our business depends on our ability to sell devices that use telecommunication bandwidth allocated to licensed and unlicensed wireless services, and that use of that bandwidth is subject to laws and regulations that are subject to change over time. Changes in the permitted uses of telecommunication bandwidth, reallocation of such bandwidth to different uses, and new or increased regulation of the capabilities, manufacture, importation, and use of devices that depend on such bandwidth could increase our costs, require costly modifications to our products before they are sold, or limit our ability to sell those products into our target markets. In addition, we are subject to regulatory requirements for certification and testing of our products before they can be marketed or sold. Those requirements may be onerous and expensive. Changes to those requirements could result in significant additional costs and could adversely impact our ability to bring new products to market in a timely fashion.

***We are subject to a wide range of privacy and data security laws, regulations and other legal obligations.***

Personal privacy and information security are significant issues in the United States and the other jurisdictions in which we operate or make our products and applications available. The legislative and regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission, or FTC, and various state, local and foreign agencies. We may collect personally identifiable information, or PII, and other data from our customers. We use this information to provide services to our customers and to support, expand and improve our business. We may also share customers' PII with third parties as allowed by applicable law and agreements and authorized by the customer or as described in our privacy policy.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, transfer, use and storage of PII. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws as imposing standards for the online collection, use and dissemination of data. Many foreign countries and governmental bodies, including Canada, the European Union and other relevant jurisdictions, have laws and regulations concerning the collection and use of PII obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses and, in some jurisdictions, Internet Protocol, or IP, addresses. Within the European Union, legislators have adopted the General Data Protection Regulation, or GDPR, effective May 2018 which may impose additional obligations and risk upon our business, and which may increase substantially the penalties to which we could be subject in the event of any non-compliance. We may incur substantial expense in complying with the obligations imposed by the governments of the foreign jurisdictions in which we do business or seek to do business and we may be required to make significant changes in our business operations, all of which may adversely impact our revenues and our business overall.

Although we are working to comply with those federal, state, and foreign laws and regulations, industry standards, contractual obligations and other legal obligations that apply to us, those laws, regulations, standards and obligations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another, other requirements or legal obligations, our practices or the features of our products or applications. At state level, lawmakers continue to pass new laws concerning privacy and data security. Particularly notable in this regard is the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020. The CCPA will introduce significant new disclosure obligations and provide California consumers with significant new privacy rights. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, industry standards, contractual obligations or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of PII or other data, may

result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse impact on our reputation and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely impact our business.

We also expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the European Union and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual obligations and other obligations may require us to incur additional costs and restrict our business operations. Such laws and regulations may require companies to implement privacy and security policies, permit users to access, correct and delete personal information stored or maintained by such companies, inform individuals of security breaches that affect their personal information, and, in some cases, obtain individuals' consent to use PII for certain purposes. In addition, a foreign government could require that any PII collected in a country not be disseminated outside of that country, and we are not currently equipped to comply with such a requirement.

### **Risks Related to Our Intellectual Property**

***If we are unable to successfully protect our intellectual property, our competitive position may be harmed.***

Our ability to compete is heavily affected by our ability to protect our intellectual property. We rely on a combination of patent licenses, confidentiality procedures and contractual provisions to protect our proprietary rights. We also enter, and plan to continue to enter, into confidentiality, invention assignment or license agreements with our employees, consultants and other parties with whom we contract, and control access to and distribution of our software, documentation and other proprietary information. The steps we take to protect our intellectual property may be inadequate, and it is possible that some or all of our confidentiality agreements will not be honored and certain contractual provisions may not be enforceable. Existing trade secret, trademark and copyright laws offer only limited protection. Unauthorized parties may attempt to copy aspects of our products or obtain and use information which we regard as proprietary. Policing unauthorized use of our products is difficult, time consuming and costly, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. We cannot assure you that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar technology, the effect of either of which would harm our competitive position in the market. Furthermore, disputes can arise with our strategic partners, customers or others concerning the ownership of intellectual property.

28

***Others may claim that we infringe on their intellectual property rights, which may result in costly and time-consuming litigation and could delay or otherwise impair the development and commercialization of our products.***

In recent years, there has been a significant increase in litigation in the United States involving patents and other intellectual property rights, and because our products are comprised of complex technology, we are often involved in or impacted by assertions, including both requests to take licenses and litigation, regarding infringement of patent and other intellectual property rights of third parties. Third parties have asserted, and in the future may assert, intellectual property infringement claims against us and against our channel partners, end customers and suppliers. For example, we had been approached by Wilson Electronics about potential infringement of several of their patents involving cellphone boosters. As a result, the Company entered into a product technology licensing agreement with Wilson Electronics that resolved their claim whereby Wilson is entitled to a 4.5% licensing fee on the revenues earned by the Company for every booster product sold. Many of these assertions are brought by non-practicing entities whose principal business model is to secure patent licensing revenues from product manufacturing companies. Claims for alleged infringement and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our intellectual property rights. Defending any such claims, with or without merit, including pursuant

to indemnity obligations, could be time consuming, expensive, cause product shipment delays or require us to enter into a royalty or licensing agreement, any of which could delay the development and commercialization of our products or reduce our margins. If we are unable to obtain a required license, our ability to sell or use certain products may be impaired. In addition, if we fail to obtain a license, or if the terms of the license are burdensome to us, our operations could be significantly harmed.

***Our use of open source software could subject us to possible litigation or otherwise impair the development of our products.***

A portion of our technologies incorporates open source software, including open source operating systems such as Android, and we expect to continue to incorporate open source software into our platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and their application to the open source software integrated into our proprietary technology platform may be uncertain. If we fail to comply with these licenses, then pursuant to the terms of these licenses, we may be subject to certain requirements, including requirements that we make available the source code for our software that incorporates the open source software. We cannot assure you that we have not incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable licenses or our current policies and procedures. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could incur significant legal expenses defending against such allegations. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our technology platform.

With respect to open source operating systems, if third parties cease continued development of such operating systems or restrict our access to such operating system, our business and financial results could be adversely impacted. We are dependent on third parties' continued development of operating systems, software application ecosystem infrastructures, and such third parties' approval of our implementations of their operating and system and associated applications. If such parties cease to continue development or support of such operating systems or restrict our access to such operating systems, we would be required to change our strategy for our devices. As a result, our financial results could be negatively impacted because a resulting shift away from the operating systems we currently use, and the associated applications ecosystem could be costly and difficult.

***Our inability to obtain and maintain any third-party license required to develop new products and product enhancements could seriously harm our business, financial condition and results of operations.***

From time to time, we are required to license technology from third parties to develop new products or product enhancements. Third-party licenses may not be available to us on commercially reasonable terms, or at all. If we fail to renew any intellectual property license agreements on commercially reasonable terms, or any such license agreements otherwise expire or terminate, we may not be able to use the patents and technologies of these third parties in our products, which are critical to our success. We cannot assure you that we will be able to effectively control the level of licensing and royalty fees paid to third parties, and significant increase in such fees could have a significant and adverse impact on our future profitability. Seeking alternative patents and technologies may be difficult and time-consuming, and we may not be successful in finding alternative technologies or incorporating them into our products. Our inability to obtain any third-party license necessary to develop new products or product enhancements could require us to obtain substitute technology of lower quality or performance standards, or at greater cost, which could seriously harm our business, financial condition and results of operations.

#### **Risks relating to our locations in Israel and Canada and our international operations**

***Conditions in Israel could materially and adversely affect our business.***

A number of our officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business and operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries, as well as terrorist acts committed within Israel by hostile elements. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. During the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. In December 2008 and January 2009 there was an escalation in violence among Israel, Hamas, the Palestinian Authority and other groups, as well as extensive hostilities along Israel's border with the Gaza Strip, which resulted in missiles being fired from the Gaza Strip into Southern Israel. During November 2012 and from July through August 2014, Israel was engaged in an armed conflict with a militia group and political party who controls the Gaza Strip, which resulted in missiles being fired from the Gaza Strip into Southern Israel, as well as at areas more centrally located near Tel Aviv and at areas surrounding Jerusalem. These conflicts involved missile strikes against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel. This pattern of activity erupts from time to time with varying degrees of intensity and for varying periods of time and typically ends with a cease fire until hostilities flare up again.

Since February 2011, Egypt has experienced political turbulence and an increase in terrorist activity in the Sinai Peninsula. Such political turbulence and violence may damage peaceful and diplomatic relations between Israel and Egypt, and could affect the region as a whole. Similar civil unrest and political turbulence has occurred in other countries in the region, including Syria, which shares a common border with Israel, and is affecting the political stability of those countries. Since April 2011, internal conflict in Syria has escalated and chemical weapons have been used in the region. Foreign actors have intervened and may continue to intervene in Syria. This instability and any intervention may lead to deterioration of the political and economic relationships that exist between the State of Israel and some of these countries and may lead to additional conflicts in the region. In addition, Iran has threatened to attack Israel and may be developing nuclear weapons. Iran also has a strong influence among extremist groups in the region, including Hamas in Gaza, Hezbollah in Lebanon and various rebel militia groups in Syria. These situations have escalated at various points in recent years and may escalate in the future to more violent events, which may affect Israel and us. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

In addition, many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, prospects, financial condition and results of operations.



***It may be difficult to enforce a U.S. judgment against us, our officers and directors named in this annual report on Form 20-F in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors.***

Not all of our directors or officers are residents of the United States and most of their and our assets are located outside the United States. Service of process upon us or our non-U.S. resident directors and officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our non-U.S. officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Additionally, Israeli courts might not enforce judgments obtained in the United States against us or our non-U.S. our directors and executive officers, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought. For more information, see “Enforceability of Civil Liabilities.”

***Because we are a corporation incorporated in British Columbia and some of our directors and officers are resident in Canada, it may be difficult for investors in the United States to enforce civil liabilities against us based solely upon the federal securities laws of the United States. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada.***

We are a corporation incorporated under the laws of British Columbia with our principal place of business in Montreal, Canada. Some of our directors and officers and the auditors or other experts named herein are residents of Canada and all or a substantial portion of our assets and those of such persons are located outside the United States. Consequently, it may be difficult for U.S. investors to effect service of process within the United States upon us or our directors or officers or such auditors who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities under the Securities Act. Investors should not assume that Canadian courts: (i) would enforce judgments of U.S. courts obtained in actions against us or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or blue-sky laws of any state within the United States or (ii) would enforce, in original actions, liabilities against us or such persons predicated upon the U.S. federal securities laws or any such state securities or blue-sky laws.

Similarly, some of our directors and officers are residents of countries other than Canada and all or a substantial portion of the assets of such persons are located outside Canada. As a result, it may be difficult for Canadian investors to initiate a lawsuit within Canada against these non-Canadian residents. In addition, it may not be possible for Canadian investors to collect from these non-Canadian residents’ judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for Canadian investors to succeed in a lawsuit in the United States, based solely on violations of Canadian securities laws.

***We have operations in China, which exposes us to risks inherent in doing business there.***

We use multiple third-party suppliers and manufacturers based primarily in China. With the rapid development of the Chinese economy, the cost of labor has increased and may continue to increase in the future. Furthermore, pursuant to Chinese labor laws, employers in China are subject to various requirements when signing labor contracts, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. Our results of operations will be materially and adversely affected if the labor costs of our third-party suppliers and manufacturers increase significantly. In addition, we and our manufacturers and suppliers may not be able to find a sufficient number of qualified workers due to the intensely competitive and fluid market for skilled labor in China.

Operating in China exposes us to political, legal and economic risks. In particular, the political, legal and economic climate in China, both nationally and regionally, is fluid and unpredictable. Our ability to utilize parties that operate in China may be adversely affected by changes in U.S. and Chinese laws and regulations such as those related to, among other things, taxation, import and export tariffs, environmental regulations, land use rights, intellectual property, currency controls, network security, employee benefits, hygiene supervision and other matters. In addition, we may not obtain or retain the requisite legal permits to continue utilizing third-parties that operate in China, and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. In addition, Chinese trade regulations are in a state of flux, and we may potentially become subject to other forms of taxation, tariffs and duties in China. Furthermore, the third parties we rely on in China may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of counterfeit versions of our products. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

***Operating outside of the United States presents specific risks to our business, and we have substantial operations outside of the United States.***

Most of our employee base and operations are located outside the United States, primarily in Canada and Israel. Most of our software development, third-party contract manufacturing, and product assembly operations are conducted outside the United States.

Risks associated with operations outside the United States include:

- effectively managing and overseeing operations that are distant and remote from corporate headquarters may be difficult and may impose increased operating costs;
- fluctuating foreign currency rates could restrict sales, increase costs of purchasing, and impact collection of receivables outside of the United States;
- volatility in foreign credit markets may affect the financial well-being of our customers and suppliers;
- violations of anti-corruption laws, including the Foreign Corrupt Practices Act and the U.K. Bribery Act could result in large fines and penalties;
- violations of privacy and data security laws could result in large fines and penalties; and
- tax disputes with foreign taxing authorities, and any resultant taxation in foreign jurisdictions associated with operations in such jurisdictions, including with respect to transfer pricing practices associated with such operations.

***Foreign currency fluctuations may reduce our competitiveness and sales in foreign markets.***

The relative change in currency values creates fluctuations in product pricing for international customers. These changes in foreign end-customer costs may result in lost orders and reduce the competitiveness of our products in certain foreign markets. These changes may also negatively impact the financial condition of some foreign customers and reduce or eliminate their future orders of our products. We also face adverse changes in, or uncertainty of, local business laws or practices, including the following:

- foreign governments may impose burdensome tariffs, quotas, taxes, trade barriers, or capital flow restrictions;
- restrictions on the export or import of technology may reduce or eliminate the ability to sell in or purchase from certain markets;
- political and economic instability, including deterioration of political relations between the United States and other countries, may reduce demand for our solutions or put our non-U.S. assets at risk;
- potentially limited intellectual property protection in certain countries may limit recourse against infringing on our solutions or cause us to refrain from selling in certain geographic territories;
- staffing may be difficult along with higher turnover at international operations;
- a government-controlled exchange rate and limitations on the convertibility of currencies, including the Chinese yuan;
- transportation delays and customs related delays that may affect production and distribution of our products; and
- integration and enforcement of laws vary significantly among jurisdictions and may change significantly over time.

Our failure to manage any of these risks successfully could harm our international operations and adversely impact our business, operating results and financial condition.

### **Risks Related to Ownership of Our Securities**

*We do not know whether an active, liquid and orderly trading market will develop for our Common Shares or Warrants or what the market price of our Common Shares or Warrants will be and as a result it may be difficult for you to sell your Common Shares.*

You may not be able to sell your shares or Warrants quickly or at the market price if trading in our Common Shares or Warrants is not active. The initial public offering price for our Common Shares and Warrants was determined through negotiations with the underwriters, and the negotiated price may not have been indicative of the market price of the Common Shares and Warrants after the offering. As a result of these and other factors, an investor may be unable to resell its Common Shares or Warrants at or above the initial public offering price. Further, an inactive market may also impair our ability to raise capital by selling our securities and may impair our ability to enter into strategic partnerships or acquire companies or products by using our Common Shares as consideration.

*We expect that our stock price will fluctuate significantly, and you may not be able to resell your shares at or above the price at which you purchased our Common Shares.*

The trading price of our Common Shares is likely to be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products and services by us or our competitors;
- sales, or anticipated sales, of large blocks of our stock;
- issuance of new or changed securities analysts' reports or recommendations;
- failure of industry or securities analysts to maintain coverage of our company, changes in financial estimates by any industry or securities analysts that follow our company, or our failure to meet such estimates;
- additions or departures of key personnel;
- regulatory or political developments;
- changes in accounting principles or methodologies;
- acquisitions by us or by our competitors;
- litigation and governmental investigations; and
- economic, political and geopolitical conditions or events.

These and other factors may cause the market price and demand for our Common Shares to fluctuate substantially, which may limit or prevent investors from readily selling their Common Shares and may otherwise negatively affect the liquidity of our Common Shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have often instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

***The market for our Common Shares may not provide investors with adequate liquidity.***

Liquidity of the market for our Common Shares depends on a number of factors, including our financial condition and operating results, the number of holders of our Common Shares, the market for similar securities and the interest of securities dealers in making a market in the securities. We cannot predict the extent to which investor interest in the Company will maintain a trading market in our Common Shares, or how liquid that market will be. If an active market is not maintained, investors may have difficulty selling Common Shares that they hold.

***Since we do not expect to pay any cash dividends for the foreseeable future, investors may be forced to sell their stock in order to obtain a return on their investment.***

We do not anticipate declaring or paying in the foreseeable future any cash dividends on our capital stock. Instead, we plan to retain any earnings to finance our operations and growth plans discussed elsewhere or incorporated by reference in this prospectus. Accordingly, investors must rely on sales of their Common Shares after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our Common Shares.

***Outstanding warrants and future sales of our Common Shares may further dilute the Common Shares and adversely impact the price of our Common Shares.***

As of June 30, 2023, we had 133,943,404 Common Shares issued and outstanding. Subsequent to the period ended June 30, 2023, an additional 51,450,000 common shares had been issued in a direct offering for gross proceeds of \$2,315,250 before offering expenses.

On August 9, 2023 the Company affected a 100-to-1 reverse stock split which resulted in the stock trading above \$1.00.

A total of 13,100,084 Common Shares underlying outstanding warrants (pre-split) that have been registered with the SEC for resale are unrestricted and freely tradeable. We also have other outstanding unexercised agents' options to purchase 931,507 (pre-split) Common Shares as of August 14, 2023 that expire between June 30, 2024 and March 8, 2027. If the holder of our free trading shares wanted to sell these shares, there might not be enough purchasers to maintain the market price of our Common Shares on the date of such sales. Any such sales, or the fear of such sales, could substantially decrease the market price of our Common Shares and the value of your investment.

***If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our Common Shares could decline.***

We cannot predict whether future issuances of our Common Shares or the availability of shares for resale in the open market will decrease the market price per Common Share. We are not restricted from issuing additional Common Shares of, including any securities that are convertible into or exchangeable for, or that represent the right to receive Common Shares. Sales of a substantial number of our Common Shares in the public market or the perception that such sales might occur could materially adversely affect the market price of our Common Shares. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our shareholders bear the risk of any future stock issuances reducing the market price of our Common Shares and diluting their stock holdings in us.

***If we are not able to comply with the applicable continued listing requirements or standards of Nasdaq, Nasdaq could delist our Common Shares***

In order to maintain the listing of our Common Shares and Warrants on the Nasdaq Capital Market, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with such applicable listing standards.

On August 26, 2022 we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq"), notifying us that we were not in compliance with the minimum bid price requirement set forth under Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"), resulting from the fact that the closing bid price of the Company's Common Shares was below \$1.00 per share for a period of 30 consecutive business days. Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), we were given a period of 180 calendar days, or until February 22, 2023 (the "Compliance Period"), to regain compliance with Nasdaq's minimum bid price requirement. We did not regain compliance by such date and submitted a written request to the Nasdaq to afford us an additional 180-day compliance period to cure the deficiency. On February 23, 2023, we received written notification from the Listing Qualifications Department of Nasdaq our request for a 180-day extension to regain compliance with Nasdaq's minimum bid price requirement until August 21, 2023. If at any time prior to August 21, 2023, the bid price of the Common Shares closes at \$1.00 per share or more for a minimum of 10 consecutive business days, we will regain compliance with the Bid Price Rule. As of August 4, 2023, the Company has affected a 100-to-1 reverse stock split in order to regain compliance with the share price trading above \$1.00 for 10 consecutive business days. As of the date of this MD&A, the stock price is above \$1.00 and if it remains above \$1.00 for another 6 business days then the Company will be in compliance with the stock staying above \$1.00.

If we do not regain compliance with the Bid Price Rule during the additional 180-day extension, Nasdaq will notify us that our Common Shares will be delisted. At that time, we may appeal the delisting determination to a hearings panel pursuant to the procedures set forth in the applicable Nasdaq Listing Rules. However, there can be no assurance that, if we do appeal the delisting determination by Nasdaq to the hearings panel, that such appeal would be successful. We intend to actively monitor the closing bid price of our Common Shares and may, if appropriate, consider implementing available options to regain compliance with the Bid Price Rule under the Nasdaq Listing Rules.

Nasdaq's extension notice has no immediate effect on the listing or trading of the Common Shares, which will continue to trade on the Nasdaq Capital Market under the symbol "SYTA."

If the Common Shares are not listed on Nasdaq at any time after this offering, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity;
- a determination that the Common Shares are a "penny stock" which will require brokers trading in our shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for the Common Shares;
- a limited amount of news and analyst coverage for our Company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Upon delisting from the Nasdaq Capital Market, our Common Shares would be traded over-the-counter inter-dealer quotation system, more commonly known as the OTC. OTC transactions involve risks in addition to those associated with transactions in securities traded on the securities exchanges, such as the Nasdaq Capital Market, or Exchange-listed Stocks. Many OTC stocks trade less frequently and in smaller volumes than Exchange-listed Stocks. Accordingly, our stock would be less liquid than it would be otherwise. Also, the values of OTC stocks are often more volatile than Exchange-listed Stocks. Additionally, institutional investors are usually prohibited from investing in OTC stocks, and it might be more challenging to raise capital when needed.

In addition, if our Common Shares are delisted, your ability to transfer or sell your Common Shares may be limited and the value of those securities will be materially adversely affected.

***If our Common Shares become subject to the penny stock rules, it may be more difficult to sell our Common Shares.***

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The OTC Bulletin Board does not meet such requirements and if the price of our Common Shares is less than \$5.00 and our Common Shares are no longer listed on a national securities exchange such as Nasdaq, our stock may be deemed a penny stock. The penny stock rules require a broker-dealer, at least two business days prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver to the customer a standardized risk disclosure document containing specified information and to obtain from the customer a signed and dated acknowledgment of receipt of that document. In addition, the penny stock rules require that prior to effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive: (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have

the effect of reducing the trading activity in the secondary market for our Common Shares, and therefore shareholders may have difficulty selling their shares.

***Warrants are speculative in nature.***

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire the Common Shares and pay the Warrant exercise price per share, prior to five years from the date of issuance, after which date any unexercised Warrants will expire and have no further value.

***Because we are a foreign private issuer and are exempt from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.***

Nasdaq Listing Rules require listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to, and we may follow home country practice in lieu of the above requirements, or we may choose to comply with the above requirement within one year of listing. The corporate governance practice in our home country does not require a majority of our board to consist of independent directors. Thus, although a director must act in the best interests of the Company, it is possible that fewer board members will be exercising independent judgment and the level of board oversight on the management of our company may decrease as a result. In addition, Nasdaq Listing Rules also require foreign private issuers to have a compensation committee, a nominating/corporate governance committee composed entirely of independent directors, and an audit committee with a minimum of three members. We, as a foreign private issuer, are not subject to these requirements. Nasdaq Listing Rules may require shareholder approval for certain corporate matters, such as requiring that shareholders be given the opportunity to vote on all equity compensation plans and material revisions to those plans, and certain Common Share issuances. We intend to comply with the requirements of Nasdaq Listing Rules in determining whether shareholder approval is required on such matters and to appoint a nominating and corporate governance committee. We may, however, consider following home country practice in lieu of the requirements under Nasdaq Listing Rules with respect to certain corporate governance standards which may afford less protection to investors.

***Our executive officers and directors, and their affiliated entities, along with our two other largest stockholders, own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.***

Based on shares outstanding as of August 10, 2023, our executive officers and directors, together with entities affiliated with such individuals, along with our largest shareholder, will beneficially own approximately 10.0% of our Common Shares based on 185,393,404 Common Shares issued and outstanding on such date.

As of June 30, 2023, the Company had 133,943,404 (pre-split) Common Shares issued and outstanding.

### **General Risk Factors**

***The unfavorable outcome of any future litigation, arbitration or administrative action could have a significant adverse impact on our financial condition or results of operations.***

From time to time, we are a party to litigation, arbitration, or administrative actions. Our financial results and reputation could be negatively impacted by unfavorable outcomes to any future litigation or administrative actions, including those related to the Foreign Corrupt Practices Act, the U.K. Bribery Act, or other anti-corruption laws. There can be no assurances as to the favorable outcome of any litigation or administrative proceedings. In addition, it can be

very costly to defend litigation or administrative proceedings and these costs could negatively impact our financial results.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our securities will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our securities would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our securities could decrease, which might cause our stock price and trading volume to decline.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. In the future, we would lose our foreign private issuer status if (i) more than 50% of our outstanding voting securities are owned by U.S. residents and (ii) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the Nasdaq Capital Market. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

***We incur significant increased costs as a result of operating as a public company in the United States, and our management is required to devote substantial time to new compliance initiatives.***

As a public company in the United States, we incur significant legal, accounting and other expenses that we did not incur previously. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, which requires, among other things, that we file with the SEC annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and Nasdaq to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was enacted. There are significant corporate governance and executive-compensation-related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas. Recent legislation permits emerging growth companies to implement many of these requirements over a longer period and up to five years from the pricing of their initial public offering. We intend to take advantage of this new legislation, but cannot assure you that we will not be required to implement these requirements sooner than planned and thereby incur unexpected expenses. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.



We expect the rules and regulations applicable to public companies to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our consolidated net loss, and may require us to reduce costs in other areas of our business or increase the prices of our products or services. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

***Although as a Foreign Private Issuer we are exempt from certain corporate governance standards applicable to US issuers, if we cannot satisfy, or continue to satisfy, the initial listing requirements and other rules of the Nasdaq Capital Market, our securities may not be listed or may be delisted, which could negatively impact the price of our securities and your ability to sell them.***

In order to maintain our listing on the Nasdaq Capital Market, we will be required to comply with certain rules of the Nasdaq Capital Market, including those regarding minimum shareholders' equity, minimum share price, minimum market value of publicly held shares, and various additional requirements. Even if we initially meet the listing requirements and other applicable rules of the Nasdaq Capital Market, we may not be able to continue to satisfy these requirements and applicable rules. If we are unable to satisfy the Nasdaq Capital Market criteria for maintaining our listing, our securities could be subject to delisting. In that regard, on May 18, 2021, we received a notice from Nasdaq indicating that, as a result of not having timely filed our Annual Report on Form 20-F for the fiscal year ended December 31, 2020, we were not in compliance with Nasdaq Listing Rule 5250(c)(1), which requires timely filing of all required periodic financial reports with the Securities and Exchange Commission. Nasdaq required that we submit a plan no later than July 16, 2021 to regain compliance and we have in fact regained compliance with Nasdaq's listing requirements since then.

***If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.***

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act and the rules and regulations of Nasdaq. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards.

In connection with the audit of our consolidated financial statements for the years ended December 31, 2022, 2021 and 2020, our independent registered public accountants identified three, six and two material weaknesses, respectively, in our internal control over financial reporting.

We have taken steps to remediate these material weaknesses, and to further strengthen our accounting staff and internal controls, as described above. These measures have only partially remediated the material weaknesses identified in 2022 and 2021 as discussed above. We cannot be certain that other material weaknesses and control deficiencies will not be discovered in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If our efforts are not successful or other material weaknesses or control deficiencies occur in the future, we may be unable to report our financial results accurately on a timely basis or help prevent fraud, which could cause our reported financial results to

be materially misstated and result in the loss of investor confidence or delisting, cause the market price of our Common Shares to decline, and we could be subject to sanctions or investigations by Nasdaq, the Securities and Exchange Commission, or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

We were incorporated on October 15, 1986 as Big Rock Gold Ltd. as a corporation under the Company Act of British Columbia incorporation number BC 0316008. On April 5, 1988, we changed our name to International Cruiseshipcenters Corp. On June 24, 1991, we changed our name to Riley Resources Ltd. Effective January 23, 1998, we changed our name to International Riley Resources Ltd. Effective November 22, 2001, we changed our name to Wind River Resources Ltd. On January 3, 2008, we changed our name to Teslin River Resources Corp. In 1998, in connection with the name change to International Riley Resources Ltd., we consolidated our share capital on an eight to one basis and in 2001, in connection with the name change to Wind River Resources Ltd., we further consolidated our share capital on a five to one basis.

On July 24, 2015, Teslin River Resources Corp. completed a reverse acquisition by way of a three-cornered amalgamation, pursuant to which we acquired certain telecom operations of an Israel-based cellular technology company and changed our name to Siyata Mobile Inc.

On June 7, 2016, we acquired all of the issued and outstanding shares of Signifi Mobile Inc., or Signifi. In consideration for such acquisition, we paid cash in the amount of CAD\$200,000 and issued 1,000,000 (6,897 shares after the 145/1 stock split) Common Shares at a value of CAD\$360,000.

The Company's common shares were previously listed on the TSX Venture Exchange (the "TSXV") under the symbol "SIM" and the Company voluntarily delisted from the TSXV at the end of trading on October 19, 2020. Our shares traded on the OTCQX under the symbol "SYATF" from May 11, 2017 until September 25, 2020, at which time our shares were listed on the Nasdaq Capital Market.

On January 2, 2021, we announced the closing of a previously announced private placement led by Phoenix Fund of 129,450 units of the Company at a price of \$100 per unit for aggregate gross proceeds of \$12,945,000 USD. Each Unit consisted of ten Common Shares of the Company and ten Common Share purchase warrants. Each warrant entitles the holder thereof to acquire an additional Common Share of the Company at a price of \$11.50 for a period of 42 months from the date of issuance.

On February 9, 2021, we announced that Peter Goldstein was appointed to serve as the Chairman of the Board of Directors, or the Board, of the Company. The Company further announced that Luisa Ingargiola was appointed as a director and a member of the Audit Committee, which took effect following the Company's annual shareholders meeting held on February 23, 2021. Ms. Ingargiola replaced Brian Budd on the Board due to Mr. Budd not being re-nominated to serve on the Board at the upcoming shareholder's meeting. Ms. Ingargiola resigned from the Board on October 29, 2021.

In March 2021, we acquired, through a wholly owned subsidiary formed by Signifi, all of the outstanding units of Clear RF LLC, or Clear RF. In exchange for 100% of the units of Clear RF, we agreed to pay a total of \$700,000, comprised of approximately \$389,970 in our Common Shares and \$310,030 in cash. At closing we issued 23,949 Common Shares valued at \$194,985 as the share consideration as well as \$155,015 in cash and are required to pay an additional \$155,015 in cash and an additional \$194,985 of our Common Shares, subject to adjustment on March 31, 2022.

On April 8, 2021, we were informed by the British Columbia Securities Commission that it had issued a cease trading order due to the Company's failure to timely file its annual audited financial statements for the year ended December 31, 2020, its annual management's discussion and analysis for the year ended December 31, 2020, its annual information form for the year ended December 31, 2020 and its certification of annual filings for the year ended December 31, 2020. The Order did not impact the trading of our Common Shares and Warrants, trading under the symbols SYTA and SYTAW, respectively, on the Nasdaq Capital Market. The Order was revoked as of July 8, 2021.

40

On May 18, 2021, we received a notice from the Nasdaq indicating that, as a result of not having timely filed its Annual Report on Form 20-F for the fiscal year ended December 31, 2020, the Company is not in compliance with Nasdaq Listing Rule 5250(c)(1), which requires timely filing of all required periodic financial reports with the Securities and Exchange Commission. We filed the Form 20-F on June 30, 2021 and believe that we regained compliance with the applicable Nasdaq rule.

On August 20, 2021, we were informed by the British Columbia Securities Commission that it had issued a cease trading order due to our failure to timely file its interim financial report for the period ended June 30, 2021, interim management's discussion and analysis for the period ended June 30, 2021 and certification of interim filings for the period ended June 30, 2021. We filed our financial statements and other outstanding materials on October 14, 2021 and the cease trading order was revoked on October 15, 2021.

On October 27, 2021, we entered into a securities purchase agreement relating to the purchase and sale of a senior secured convertible note (the "Lind Note") for gross proceeds of \$6,000,000 with Lind Global Partners II, LP, or Lind, an investment fund managed by The Lind Partners, a New York based institutional fund manager (together "Lind") which closed on November 3, 2021. The purchase agreement provided for, among other things, the issuance of a \$7,200,000 Note with a 24-month maturity, 0% annual interest rate, and a fixed conversion price of \$10.00 per share of the Company's Common Shares. The Company is required to make principal payments in 18 equal monthly installments commencing 180 days after funding. At the discretion of the Company, the repayments can be made in: (i) cash; (ii) Common Shares (after Common Shares are registered) (the "Repayment Shares"); or a combination of both. Repayment Shares will be priced at 90% of the average of the five lowest daily VWAPs during the 20 trading days before the issuance of the Common Shares (the "Repayment Price"). The Company has the right to buy-back the outstanding face value of the Note at any time with no penalty ("Buy-Back Right"). Should the Company exercise its Buy-Back Right, Lind will have the option to convert up to 25% of the face value of the Note at the lesser of the conversion price of the Notes or the Repayment Price. Additionally, the Note ranks senior to other Company debt, excluding certain debt facilities, and is secured over Company assets, as more fully detailed in the Purchase Agreement and Note. Further, the purchase agreement provided that Lind will also receive a Common Shares purchase warrant to purchase up to 2,142,857 shares of the Company's Common Shares ("Lind Warrant"). The Lind Warrant may be exercisable with cash payment for 60 months with an exercise price of \$4.00 per Common Share (as later adjusted) and may be exercised on a cashless basis in the event that a registration statement covering the underlying Common Shares is not deemed effective. Both the Lind Note and the Lind Warrant contain certain anti-dilution protection in certain circumstances. The Company's registration statement covering the Common Shares underlying the Note and Warrant was declared effective on December 3, 2021.

The Lind Note was repaid in full on November 14, 2022. Of the total repayment of principal and interest, the Company paid Lind \$8,137,702 in cash and issued Lind 13,112,255 Common Shares. The Securities Purchase Agreement pursuant to which Lind Partners acquired the Lind Notes prohibits the Company from entering into any Prohibited Transactions without Lind's prior written consent, until thirty days after such time as the Lind Note has been repaid in full and/or has been converted into Common Shares. That agreement also provides to Lind a 10 day right of first purchase if the Company makes a public offer of its Common Shares. On October 9, 2022, Lind entered into an agreement pursuant to which they waived such provisions in consideration of participating in the Company's offering that closed on October 12, 2022 and receiving without payment therefor Common Share purchase warrants

in the private placement to acquire up to 1,739,130 Common Shares at an exercise price of \$0.23 per Common Share (the “Lind Waiver Warrants”). Lind did not exercise any of said Lind Waiver Warrants and did not participate in the Warrant Exercise Agreement discussed below.

Effective on October 29, 2021, the Board appointed Lourdes Felix as a director of the Board to fill the vacancy created by the resignation of Ms. Ingargiola. Ms. Felix will serve as a director until the Company’s next annual general meeting of shareholders and until her successor shall have been elected and qualified, subject to her earlier death, resignation, retirement, disqualification or removal. Ms. Felix was also appointed to serve as a member of the Company’s Audit Committee and Nominating and Corporate Governance Committee.

On November 15, 2021, Siyata announced the closing of a previously announced funding agreement for gross proceeds of \$6,000,000 by Lind Global Partners II, LP, an investment fund managed by The Lind Partners. The proceeds were used to repay and terminate certain existing convertible notes.

On January 11, 2022, the Company closed its underwritten public offering of 8,695,652 Common Shares (or pre-funded warrants to purchase Common Shares in lieu thereof) and accompanying Warrants to purchase up to 8,695,652 Common Shares resulting in gross proceeds of approximately \$20,000,000 and net proceeds of \$18,358,028.

On May 24, 2022, we received a letter from Davidson & Company LLP (“Davidson”) that stated that Davidson did not wish to be reappointed as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2022. Davidson ceased to serve as the Company’s independent registered accounting firm as of May 24, 2022. The Company requested that Davidson respond fully to the inquiries of Friedman, LLP, the Company’s successor independent registered public accounting firm, and Davidson agreed to cooperate with the Company and Friedman with respect to the transition. During the Company’s fiscal years ended December 31, 2021 and 2020 and the subsequent interim period through the filing of the Company’s Report of Foreign Private Issuer on Form 6-K on May 31, 2022, there were no “disagreements” (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with Davidson on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Davidson, would have caused Davidson to make reference to the subject matter of such disagreements in connection with its report. Davidson’s report on the consolidated financial statements for the Company’s fiscal years ended December 31, 2021 and 2020 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that Davidson’s report for the years ended December 31, 2021 and 2020 contained an explanatory paragraph indicating that there was substantial doubt about the ability of the Company to continue as a going concern. In a separate correspondence, Davidson identified five material weaknesses in our internal controls over financial reporting. During the Company’s fiscal years ended December 31, 2021 and 2020 and the subsequent interim period through May 31, 2022, there had been no “reportable events” (as defined in Item 304(a)(1)(v) of Regulation S-K), except for certain material weaknesses in the Company’s internal control over financial reporting.

On May 24, 2022, management of the Company notified Friedman LLP, or Friedman, that Friedman had been approved by the Company’s audit committee of the board of directors and the board of directors as the Company’s independent registered public accounting firm for the fiscal year ended December 31, 2022. Friedman LLP combined with Marcum LLP, or Marcum, effective September 1, 2022. During the fiscal years ended December 31, 2021 and 2020 and the subsequent interim period through May 31, 2022, the Company did not consult with Friedman or Marcum with respect to: (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the Company’s financial statements, and no written report or oral advice was provided to the Company by Friedman or Marcum that was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was subject to any disagreement, as defined in the United States Securities and

Exchange Commission's Regulation SK, Item 304(a)(1)(iv) and the related instructions thereto, or a reportable event within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

42

As part of the Company's normal quarterly reporting process for the six months ended June 30, 2022, management and the Audit Committee concluded that a material error was made related to the accounting for the warrants entered into on January 11, 2022 (the "January Warrants") and therefore were misstated in the Company's March 31, 2022 prior period financial statements, or Prior Period Financial Statements. There was no impact on any of the year end financial statements previously filed. On August 15, 2022, management and the Audit Committee determined that the Company's condensed consolidated unaudited interim financial statements for the three month period ended March 31, 2022, filed with the SEC on Form 6-K on May 17, 2022 should no longer be relied upon due to an error in the accounting treatment for the classification of the Company's January Warrants as equity rather than as a derivative liability. In addition, investors were advised that they should no longer rely upon any communications relating to these condensed consolidated unaudited interim financial statements. The Company determined that the January Warrants should be accounted for as a derivative liability in accordance with International Accounting Standards No. 32.6 and International Financial Reporting Standards No. 9 that deal with the measurement of financial assets and financial liabilities. As a result of this change, the January Warrants for 9,999,999 Common shares have been classified as liabilities rather than equity, the fair value of the January Warrants decreased by \$2.9 million, transaction costs increased by \$0.96 million and the fair value loss increased by \$0.96 million for the three months ended March 31, 2022. The Company filed its restated condensed consolidated unaudited interim financial statements for the three month period ended March 31, 2022 as Exhibit 99.1 to its Form 6-K with the SEC on August 18, 2022 together with its restated Management's Discussion and Analysis of Results of Operations and Financial Condition for the three months ended March 31, 2022. On July 1, 2022, the Company filed a "shelf" registration statement with the SEC covering \$100 million aggregate amount of Common Shares, warrants to purchase Common Shares or debt securities, or any combination thereof, subscription rights evidencing the right to purchase Common Shares or debt securities, or any combination thereof, purchase contracts to purchase Common Shares, warrants, rights, debt securities, or any combination thereof, as well as units that include any of these securities. That registration statement was declared effective by the SEC on July 18, 2022.

On October 10, 2022, we entered into a Securities Purchase Agreement or the Purchase Agreement with certain institutional investors named therein (the "Purchasers"), pursuant to which we agreed to issue and sell, in a registered direct offering from the shelf: (i) 15,810,000 Common Shares, (ii) 1,590,000 pre-funded warrants, or the Pre-Funded Warrants and, (iii) in a private placement under Rule 506 of Regulation D, 17,400,000 warrants, or the Purchase Warrants at a combined purchase price of \$0.23 per Common Share and Purchase Warrant if purchasing the Common Shares, or \$0.22 per Pre-Funded Warrant and Purchase Warrant if purchasing the Pre-Funded Warrants. Each Purchase Warrant entitles the Purchaser to purchase one Common Share for a period of five years from the date of issuance for an exercise price of \$0.23 per share. The Purchase Agreement contained customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The offering closed on October 13, 2022 resulting in gross proceeds of approximately \$4.0 million.

On November 22, 2022, the Company filed a registration statement with the SEC registering the resale, from time to time, by the selling shareholders named therein of up to 17,400,000 of our Common Shares issuable upon the exercise of the Common Share purchase warrants issued to the Selling Shareholders in a private placement pursuant to the Securities Purchase Agreements dated October 10, 2022 by and between the Selling Shareholders and the Company. That registration statement went effective on December 15, 2022.

On December 26, 2022, we were notified that there had occurred a significant infiltration of water into our warehouse premises located at 1751 Richardson, Suite 2207, Montreal, Quebec, Canada, due to a leaking water pipe in the floor above (which floor is not leased by the Company). Upon inspection of the premises, we believed that there could be substantial damage to our warehoused inventory of communication devices and signal boosters, the dollar value of which was presently not determinable. We are continuing to assess the potential damages, which will require

a special inspection to determine the condition of the merchandise. Management believes that any damage is covered by its current property insurance policy and has filed a claim with our commercial property insurer whose policy covers the selling price of damaged inventory. Because we store similar inventory in another location, we did not believe that this event would result in any interruption of our sales activities, and thus future revenues should not be impacted by the water damage to the subject inventory. Only new, non-damaged, quality products will be shipped to our customers. From a balance sheet and income statement perspective, any damaged inventory will be considered impaired and written off (expensed) on the Company's income statement as an impairment due to the water damage, and the inventory values will be reduced on the balance sheet by the amount of the damages in the fourth quarter of 2022. Any insurance proceeds receivable will be recorded as income in the quarter (likely in 2023) when it is at least virtually certain that the proceeds to be paid by the Company's insurer have been agreed by both parties. Under international accounting standards, insurance proceeds are accounted for as "reimbursements" and would be recognized as a separate asset (with related income) when the recovery is virtually certain.

43

On January 18, 2023, we entered into warrant exercise agreements with fourteen existing accredited investors to exercise certain outstanding warrants, or Existing Warrants, to purchase up to an aggregate of 18,042,857 of the Company's Common Shares. The gross proceeds to the Company from the exercise of the Existing Warrants totaled approximately \$3,608,571, prior to deducting warrant inducement agent fees and estimated offering expenses. In consideration for the immediate exercise of the Existing Warrants for cash, the exercising holders received new unregistered warrants, or New Warrants, to purchase up to an aggregate of 18,042,857 Common Shares (equal to 100% of the Common Shares issued in connection with the exercise) in a private placement pursuant to Section 4(a)(2) of the Securities Act. In connection with the warrant exercise, the Company also agreed to reduce the exercise price of the Existing Warrants from \$0.23 to \$0.20 per share. The warrant exercise agreements and the New Warrants each include a beneficial ownership limitation that prevents the warrant holder from owning more than 4.99% (which may be increased to 9.99% in accordance with the terms of the New Warrants) of the Company's outstanding Common Shares at any time. The New Warrants are exercisable immediately upon issuance at a cash exercise price of \$0.20 per share and have a term of exercise equal to five years. However, the holder of the New Warrant may also effect an "alternative cashless exercise" on or after the earlier of: (i) one hundred and eighty (180) day anniversary of the initial exercise date (January 19, 2023) or (ii) the day after effectiveness of the registration statement of which this prospectus is a part. In such event, the aggregate number of Common Shares issuable in such alternative cashless exercise pursuant to any given notice of exercise electing to effect an alternative cashless exercise will equal the product of (x) the aggregate number of Common Shares that would be issuable upon exercise of the New Warrant in accordance with the terms of the New Warrant if such exercise were by means of a cash exercise rather than a cashless exercise and (y) 1.0, which would result in an effective exercise price of \$0 at such time. In connection with the exercise of the Existing Warrants, the Company reduced the exercise price of 2,989,130 of certain of its remaining unexercised Common Share purchase warrants from \$0.23 per Common Share to an exercise price of \$0.20 per Common Share, which warrants may subsequently be repriced to \$0 if the cashless exercise price of the New Warrants is triggered. However, previously issued warrants: (i) for 1,805,585 Common Shares that currently trade on the Nasdaq Capital Market under the symbol "SYTAW" that have an exercise price of \$6.85 per share; (ii) for 1,294,500 Common Shares that were issued in a private transaction that have an exercise price of \$11.50 per share; and (iii) for 9,999,999 Common Shares that were issued in a private transaction that have an exercise price of \$2.30 per share are not required by their terms to be repriced.

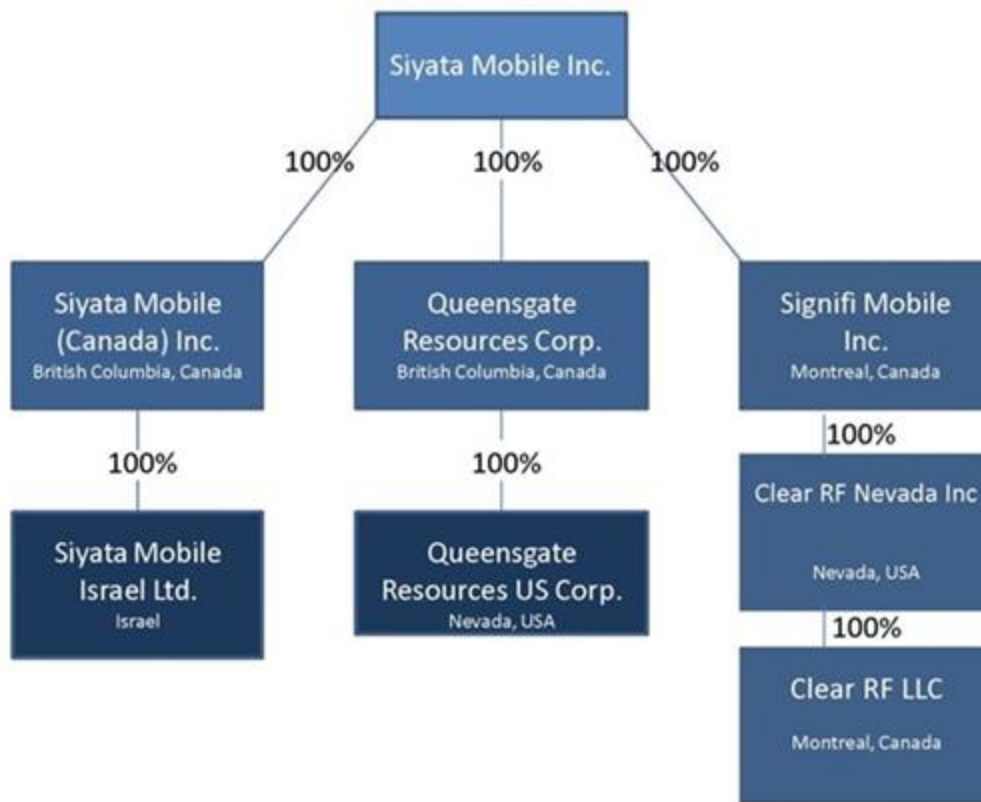
On February 15, 2023, we filed a registration statement with the SEC registering for resale, from time to time, by the selling shareholders named therein up to 19,781,987 of our Common Shares issuable upon the exercise of: (i) the Common Share purchase warrants for 18,042,857 Common Shares (the "New Warrants") issued to certain of the selling shareholders in a private placement pursuant to Warrant Exercise Agreements dated January 18, 2023 by and between those selling shareholders and the Company and (ii) upon the exercise of the Lind Waiver Warrants (defined therein) for 1,739,130 Common Shares issued to Lind under the securities purchase agreement dated October 27, 2021. That registration statement went effective on March 30, 2023.

Our auditor has agreed with management’s decision to include a “going concern” explanatory paragraph in its report on our consolidated financial statements for the fiscal year ended December 31, 2022, expressing substantial doubt about our ability to continue as an ongoing business for the next twelve months. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot secure the financing needed to continue as a viable business, our shareholders may lose some or all of their investment in us. The Canadian registered office of the Company is located at 885 West Georgia Suite 2200, Vancouver, British Columbia V6C-3E8 and our warehouse and Canadian sales headquarters is located at 1751 Richardson Street, Suite #2207, Montreal, Quebec H3K-1G6, Canada. Our agent for U.S. federal securities law purposes is c/o Cogency Global Inc., 122 East 42<sup>nd</sup> Street, 18<sup>th</sup> Floor, New York, NY 10168.

44

44

The following diagram illustrates our corporate structure as of the date of this MD&A:



Our website address is <https://www.siyatamobile.com/>. The information contained on our website or available through our website is not incorporated by reference into and should not be considered a part of this Annual Report, and the reference to our website in this Annual Report is an inactive textual reference only. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC’s website at [www.sec.gov](http://www.sec.gov).

**B. Business Overview**

Siyata Mobile Inc. is a leading global developer of innovative cellular-based communications solutions over advanced mobile networks under the Uniden® Cellular and Siyata brands to global first responders and enterprise customers. Siyata’s three complementary product categories include rugged handheld mobile devices and in-vehicle communications solutions which are sold to first responders, enterprise customers, commercial fleet vehicles and industrial workers, and cellular amplifiers to boost the cellular signal inside homes, and buildings and vehicles.

Our customer base includes cellular network operators and their dealers, as well as commercial vehicle technology distributors for fleets of all sizes in the United States, Canada, Europe, Australia and the Middle East.

45

### Products

The Company develops, markets and sells a portfolio of rugged handheld Push-to-Talk over Cellular (“PoC”) smartphone devices. These rugged business-to-business (“B2B”) environments are focused on enterprise customers, first responders, construction workers, security guards, government agencies, utilities, transportation and waste management, amusement parks, and mobile workers in multiple industries.

Prior to 2021, Siyata sold rugged handsets, such as the Uniden UR5 and Uniden UR7 only in international markets. In Q2 2022, Siyata unveiled its next generation rugged device, the SD7. The SD7 is Siyata’s first mission critical push-to-talk device (“MCPTT”) and is also the first rugged handset that Siyata announced in North America in the fourth quarter of 2021, and is now shipping in North America, Europe, The Middle East and Australia. The wireless carriers who have certified and are selling SD7 Handset include AT&T, FirstNet, Verizon, T-Mobile, US Cellular, Bell Mobility, Telstra, and KPN. The SD7 Rugged PTT Handset is targeting first responders and enterprise customers who have previously used traditional legacy two-way Land Mobile Radios (“LMR”) but who would prefer a solution that provides wide-area coverage like a cellular device, and also one that provides the same core functionality of Push-to-Talk that they used with their previous older technology.



46

### SD7 Handset

Siyata has also announced the SD7+ with Body Camera, which is similar to the SD7 Handset, but it incorporates body camera functionality. The SD7+ can replace both an LMR two-way radio and a dedicated body



camera device for police, security, or any customer who requires PTT and body camera functionality. The SD7+ is expected to begin shipping in the coming months.



#### SD7+ Body Cam

Our second product category is purpose built In-Vehicle communication devices. In Q4 2021, Siyata launched the VK7, a first-of-its-kind, patent-pending vehicle kit with an integrated 10-watt speaker, a simple slide-in connection sleeve for the SD7 Handset, and an external antenna connection for connecting an antenna to allow for an in-vehicle experience for the user that is similar to that from a traditional land mobile radio (“LMR”) device. The VK7 has been uniquely designed to be used with the SD7 Handset, while connecting directly into the vehicle’s power and can also connect to a Uniden cellular amplifier for better cellular connectivity. The pending patent for the VK7 Vehicle Kit provides temperature control by heating the VK7 in cold environments, and cooling the VK7 in hot environments. The VK7 can also be equipped with an external remote speaker microphone (“RSM”) to ensure compliance with hands-free communication legislation.

47



#### VK7 Vehicle Kit

The Uniden® UV350 4G/LTE, is a purpose built In-Vehicle communication device designed specifically for professional vehicles such as trucks, vans, buses, emergency service vehicles and other enterprise vehicles. This platform is designed to facilitate replacement of the current in-vehicle, multi-device status-quo with a single device that incorporates voice, PoC, data, fleet management solutions and other Android based professional applications. The UV350 also supports Band 14 for the First Responder Network Authority, or FirstNet®, compatibility which is the

U.S. First Responders 4G/LTE network with PoC capabilities that aims to replace aging two-way radio systems currently in use.



#### UV350 In-Vehicle Device

The aforementioned portfolio of solutions offers the benefits of PoC without any of the difficulties managing the current generation of rugged smart/feature phones and is ideally suited as a perfect upgrade from Land Mobile Radios (“LMR”). Used for generations, LMR has a significant number of limitations, including network incompatibility, limited coverage areas, and restricted functionality that leave a huge need for a unified network and platform. Siyata’s innovative PoC product lines are helping to service the generational shift from LMR to PoC. According to VDC Research, the LMR market is growing at a 5.9% compound annual growth rate, while the PoC market is growing at 13.6% CAGR and annual PoC shipments are expected to grow to 2.7 million in 2023.

Siyata’s customer base includes cellular network operators and their dealers, as well as commercial vehicle technology distributors for fleets of all sizes in the U.S., Canada, Europe, Australia, The Middle East and other international markets.

Cellular boosters are our third product category with approximately 30 million of these devices sold globally every year. Siyata manufactures and sells Uniden® Cellular boosters and accessories for enterprise, first responder and consumer customers with a focus on the North America markets. Cellular communication provides a robust, secure environment not just for remote workers, in-home and in-vehicles; but also for restaurant patrons who wish to download menus; for patients at pharmacies who need to verify identity and download scripts; for remote workers who require strong clear cellular signals; and for first responders where connectivity literally means the difference between life and death - just to name a few examples. The vehicle vertical in this portfolio complements Siyata’s in-vehicle and rugged handheld smartphones as these sales can be bundled through the Company’s existing sales channels.



Uniden U70P In-Building Booster



Uniden UM50 In-Vehicle Booster



Uniden UM2M In-Vehicle Booster

We offer a full line of cellular boosters, to boost cellular reception, under the brand name Uniden®. We have entered into a partnership whereby Uniden America Corporation, the North American subsidiary of Japan-based Uniden Corporation, has granted the exclusive license to us to market cellular signal boosters under the Uniden® brand name within the U.S. and Canada, on a rolling three year contract term, with the current extension expiring December 31, 2031 unless sooner terminated pursuant to the terms of this Agreement. As a world-wide leader in wireless communications, Uniden America Corporation manufactures and markets wireless consumer electronic products. Based in Fort Worth, Texas, Uniden sells its products through dealers and distributors throughout North, Central and South America. Uniden Cellular booster kits solve issues of poor reception, dropped calls, lost data and transmission quality issues that users routinely experience on every cellular network. These easy-to-install cellular booster kits are designed for homes, cabins, offices, and buildings to improve the cellular signal reception indoors, allowing people to use their cellular phones indoors where they previously could not do so. We also offer models designed for vehicles, both wired and wireless boosters, to improve the cellular reception inside a vehicle that is driving in a weak cellular signal area. Uniden cellular signal boosters offer kits designed to offer cellphone coverage for difference distances, including kits for a small area of 1 or 2 rooms, and more expansive solutions that will cover over 100,000 sq. ft. Our cellular signal boosters are carrier agnostic to ensure the best signal integrity, supporting 2G, 3G, 4G and soon 5G (in development) technologies on all carriers operating in North America.

49

### Customers and Channels

Certifications for the SD7 Handset with North American carriers include Bell Mobility, AT&T (as well as at its first responder cellular network FirstNet®), Verizon Wireless, T-Mobile, US Cellular, and internationally with Telstra and KPN. These wireless carriers also sell the innovative VK7 Vehicle Kit that works with the SD7 Handset. These are major milestones for the Company following Siyata's years of experience perfecting in-vehicle cellular based technology, vehicle installations, software integration with various Push-to-Talk ("PTT") solutions and intensive carrier certifications.

Siyata's customer base includes cellular network operators and their dealers, as well as commercial vehicle technology distributors for fleets of all sizes in the U.S., Canada, Europe, Australia, the Middle East and other international markets.

Our rugged handsets are targeted to approximately 47 million enterprise task and public sector workers across North America including construction, transport & logistics, manufacturing, energy & utility, public safety and federal government. As of December 31, 2022, Siyata had secured North American wireless carrier approvals of the SD7 Handset for use on their networks from AT&T, FirstNet, Verizon, and Bell Mobility. During 2023, Siyata has since added T-Mobile and US Cellular to its list of North American wireless carriers who have approved SD7 for use on

their networks. Internationally, Telstra from Australia and KPN from the Netherlands has also approved SD7 for use on their network during 2023.

The North American Tier 1 cellular carriers that Siyata is working with have large scale distribution and sales channels. With an estimated 25 million commercial vehicles including 7.0 million first responder vehicles, the Company sees the North American market as its largest opportunity with a total addressable market over \$19 billion. These Tier 1 cellular carriers have a keen interest in selling the VK7 Vehicle Kit with the SD7 Handset and the UV350 In-Vehicle Device as they allow for new SIM card activations in commercial vehicles and increased ARPU from existing customers with corporate and first responder fleets while targeting new customers with a unique, dedicated, PTT solution.

## **Our Pricing**

For wireless carriers, they are free to price the device how they choose. In most cases for significant sales opportunities the carriers are willing to subsidize the cost of the device in order to secure the new activations with the associated monthly Average Revenue Per User, or ARPU.

Even our unsubsidized full price are competitive compared to other hardware solutions, but when our device is subsidized, the capital and operational expense benefits to customers compared to other solutions are even greater.

## **Competition**

### *Rugged Handsets Category*

Our direct competitors include Sonim Technologies, Kyocera, and one ruggedized model from Samsung. These competitors also target sales of Push-to-Talk over Cellular (PoC) solutions through wireless carriers in North America and internationally. None of these competitors offer a unique solution like our SD7 Handset which focuses on a simple upgrade from two-way radios, nor do they offer an equivalent to our VK7 Vehicle Kit. These direct competitors focus on more expensive ruggedized Smartphones.

Indirectly, we compete with low-cost Push-to-Talk over Cellular devices designed and developed by various Chinese companies including Telo, Inrico, and others. These products are not approved for sale by North America wireless carriers due to lower overall device specifications which do not meet requirements of North American wireless carriers. These devices are mostly sold in international markets to highly price sensitive customers.

50

Indirectly, we also compete with traditional two-way LMR radios, also known as “portables” that are carried or worn on a belt and used for PTT communications. These are sold by a small number of large LMR vendors who sell directly to large first responder organizations and to large enterprise customers. They also sell through dealers and distributors to small and medium-sized commercial customers. These products are generally not sold through wireless carriers in North America or internationally. The government and enterprise customers that they target are now often considering the alternative of Push-to-Talk over Cellular since customers do not need to purchase repeaters and towers nor any government licensing for the frequencies that they use. Also, Push-to-Talk over Cellular provides much wider-area coverage, and these PoC solutions tend to be less expensive than traditional LMR radios both to purchase the PoC hardware such as the Siyata SD7 Handset, as well as to subscribe to monthly PoC service from a wireless carrier.

### *In-Vehicle Category*

We do not believe that we have any direct competitors within the in-vehicle market category in North America that provide a dedicated cellular based device for commercial and first responder vehicles, and we believe that no other company offers an In-Vehicle IoT device that is approved for sale in North America by wireless carriers.

We have several indirect competitors. Firstly, customers could choose a handheld phone along with a professionally installed third party car kit. There are car kit providers who attempt to make their car kits compatible with popular handheld phone models. By comparison, the UV350 device offers enhanced audio quality, safety, and reception. Furthermore, the UV350 is always active and can be used in temperature extremes. Furthermore, the UV350 kit is one complete solution from one supplier, as opposed to buying separately from two different companies and assembling a phone and a car kit that offers no proven compatibility.

Our second group of indirect competitors are rugged tablets that can be placed in a mount. The UV350 device offers better audio quality, better safety, better cellular reception, and it is always on and ready to be used. Also, compared to a tablet, the UV350 can also make cellular calls including emergency 911 calls whereas the tablet cannot as it is a data only device.

Our third group of indirect competitors are In-Vehicle Two-way LMR Radios also known as “mobiles”. Not only can the UV350 make phone calls which the LMR radio cannot, but the UV350 offers much better coverage due to using the cellular network as opposed to a limited two-way radio network. And the UV350 can support downloadable Android apps and can serve as a modem for IoT devices and as a Wi-Fi hotspot for further connectivity options and more.

Our fourth group of indirect competition is a leading global LMR vendor who offers an In-Vehicle device which is a Push to Talk over Cellular device, compatible only with its own OEM’s PTT application, and as it is not a smartphone based device so it does not offer any downloadable apps (fleet management, GPS tracking, live video feed, etc.) nor the ability to make a phone call over the wireless network. This LMR vendor sells the In-Vehicle device directly to customers and through its dealer channel, but not through wireless carriers.

#### Cellular Boosters Category

Within the Cellular Booster category, we have several direct competitors, including Wilson Electronics, LLC, Nextivity Inc., and SureCall Company.

### **Intellectual Property**

We own two patents that we acquired from ClearRF, as discussed below, and we have entered into several licensing agreements for the use of a trademark and certain patents.

#### *Uniden America Corporation*

In December 2012, Signifi Mobile, the Company’s wholly-owned subsidiary entered into a license agreement with Uniden America Corporation, as amended (the “Uniden Agreement”). The Uniden Agreement provides for the Company to use the trademark “Uniden®”, along with associated designs and trade dress to distribute, market and sell its In-Vehicle device, cellular signal booster and accessories during its term in North America. The agreement includes renewal options up to December 31, 2031 and is subject to certain minimum royalties.

#### *Wilson Electronics LLC*

Effective January 1, 2018, Signifi Mobile Inc., the Company’s wholly-owned subsidiary, entered into an agreement with Wilson Electronics, LLC to permit the Company to utilize several of Wilson Electronics’ patents related to cellphone boosters (the “Wilson Agreement”). The Wilson Agreement grants the Company an indefinite right to utilize its cellphone booster-related patents in exchange for paying Wilson Electronics, LLC a royalty fee for boosters sold by the Company. The Wilson Agreement remains in force until the Wilson patents on the Booster products expire.

### *Via Licensing Corporation*

Effective June 8, 2018, the Company entered into two separate licensing agreements with Via Licensing Corporation to utilize worldwide patents related to the coding and decoding of “android” software as well as access and download within the “LTE/ 4G” network. This patent is for an initial period of 5 years and can be extended for a further 5-year term. The Company has the right at any time during the term on any extension hereof, to terminate these agreements upon providing 60 days advanced notice of termination. The quarterly royalty fees are based solely on product sales and is a percentage formula based upon the number of units sold, the country manufactured and the country location of the end customer. There are no minimum royalty fees payable according to the agreement.

### *eWave Mobile Ltd.*

Effective October 1, 2017, we entered into an Asset Purchase Agreement with eWave Mobile Ltd., or eWave, for the purchase of certain distribution rights and contracts in connection with the right to sell and distribute in Israel certain cellular devices for the push to talk market, or the eWave Supplies, in exchange for \$700,000 in cash and issued shares of common stock of the Company equal to \$700,000. Additionally, we shall pay eWave 50% of up to \$1,500,000 in net profit that we earn from sales related to the eWave Suppliers, and 25% thereafter of the net profit exceeding \$1,500,000.

### *Clear RF, LLC*

On March 31, 2021, the Company’s indirectly and wholly-owned subsidiary ClearRF Nevada Inc. acquired all of the issued and outstanding interests of Clear RF, LLC, or ClearRF, a Washington State limited liability company, for a total purchase price of US\$700,000 in a combination of cash and Common Shares. ClearRF produces M2M (machine-to-machine) cellular amplifiers for commercial and industrial M2M applications and offers patented direct connect cellular amplifiers and patented auto gain & oscillation control designed for M2M and “internet-of-things.” Or IoT, applications. Two patents (described below) held by ClearRF were subsequently transferred and assigned to ClearRF Nevada following the closing of this acquisition.

- i. RF Passive Bypass technology enables tethered devices to communicate through the amplifier network, even if the amplifier loses power, or when the signal is not required, a key differentiator amongst competitors, in particular for mission-critical applications and first responder vehicles that require constant clear cellular coverage and connectivity.
- ii. Auto Gain & Oscillation Control detects the level of incoming signal strength and self-adjusts output power to ensure maximum signal strength. This feature is vital for telematics (mobile) M2M applications because the amplifier will be in constant motion and will require periodic self-adjustment based on changing incoming signal environment.

### **Seasonality**

We do not experience any effects of seasonality in our business. Our products are designed to function at full capacity under all weather conditions and therefore, we do not experience any shifts in our sales patterns.

### **C. Organizational Structure**

Our subsidiaries as of December 31, 2022 are as follows:

<b>Name of Subsidiary</b>	<b>Principal Activities</b>	<b>Place of Incorporation</b>	<b>Ownership</b>
Queensgate Resources Corp.	Inactive	British Columbia, Canada	100%
Queensgate Resources US Corp.	Inactive	Nevada, USA	100%

Siyata Mobile (Canada) Inc.	Inactive	British Columbia, Canada	100%
Siyata Mobile Israel Ltd.	R&D and wholesale distribution	Israel	100%
Signifi Mobile Inc.	Wholesale distribution	Quebec, Canada	100%
ClearRF Nevada Ltd.	Inactive	Nevada, USA	100%
ClearRF LLC	Inactive holding patents	Washington, USA	100%

#### **D. Property, Plant and Equipment**

Our warehouse and Canadian sales headquarters are located at 1751 Richardson Street, Suite #2207, Montreal, Quebec H3K-1G6, Canada, with approximately 5,616 square feet of space. We entered into a lease agreement for its property for a 20-month term, beginning on October 1, 2022, and expiring on May 31, 2024. Under this Lease, we pay net rent of \$2.00 per square foot per annum, approximately \$11,232 annum, payable in monthly equal installments. Additional warehouse space was leased at 250 Ford Boulevard, town of Chateauguay, Quebec, J6J-4Z2 with approximately 2,837 square feet of space. We entered into a lease agreement for its property for a 26 month term, beginning on April 1, 2022 and expiring on May 31, 2024. Under this Lease, we pay net rent of \$11.50 per square foot per annum, approximately \$32,625 annum, payable in monthly equal installments.

We believe that our existing facilities are adequate to meet current requirements and that suitable additional or substitute space will be available as needed to accommodate any further physical expansion of operations and for any additional offices.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

##### **A. Operating Results**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties, including those identified in “Cautionary Note Regarding Forward-Looking Statements” and under “Risk Factors” elsewhere in this Annual Report.*

#### **Overview**

Siyata Mobile Inc. is a leading global developer of innovative cellular-based communications solutions over advanced mobile networks under the Uniden® Cellular and Siyata brands to global first responders and enterprise customers. Siyata’s three complementary product categories include rugged handheld mobile devices and in-vehicle communications solutions which are sold to first responders, enterprise customers, commercial fleet vehicles and industrial workers, and cellular amplifiers which are sold to boost the cellular signal inside homes, buildings and vehicles.

On September 25, 2020 the Company listed on the Nasdaq Capital Markets (“**Nasdaq**”) under the symbol SYTA for its Common Shares, and the Company’s warrants issued on September 29, 2020 at \$6.85 are traded under the symbol SYTAW, and expire in five (5) years from the date of issue.

The registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8, Canada.

### **Significant Highlights**

The following highlights and developments until the date of this MD&A are as follows:

On May 16, 2023, Siyata announced its Q4 2022 and full year 2022 financial results.

On May 17, 2023, Siyata announced that KPN Royal Dutch Telecom (“KPN”) in the Netherlands are now selling the Siyata SD7 Handset.

On May 22, 2023, Siyata announced its participation in Critical Communications World tradeshow, held in Helsinki, Finland on May 23 to 25, 2023.

On May 24, 2023, Siyata announced its Q1, 2023 financial results.

On May 31, 2023, Siyata announced that it is presenting at the 13<sup>th</sup> annual LD Micro Invitational conference in Los Angeles, California from June 6 to 8, 2023.

On June 1, 2023, Siyata announced it had received an order from an Emergency Medical Services (“EMS”) organization for \$1.2 million for In-Vehicle devices and for a new product called Siyata Real Time View, an in-fleet video monitoring solution.

On June 5, 2023, Siyata announced aggregate orders of \$400,000 for its SD7 Handset and VK7 Vehicle Kit from the verticals of healthcare, education, and construction.

On June 12, 2023, Siyata announced that Minnesota Coaches, Inc, a privately held motor coach and school bus transportation company, has taken delivery of its first order of SD7 Handsets and VK7 Vehicle Kits.

On June 14, 2023, Siyata announced a new product called the Siyata Mobile Command Center for in-field communications for EMS organizations.

On June 15, 2023, Siyata announced its participation to showcase its SD7 Handset and VK7 Vehicle Kit in the Minnesota School Bus Operators Association’s Annual Summer Conference in Alexandria, Minnesota on June 19 to 21, 2023.

On June 20, 2023, Siyata announced that Mobile Tornado Group Plc will offer its robust PTT application on the Siyata SD7 Handset.

On June 21, 2023, Siyata announced its participation with CrisisGo to show its Mission Critical PTT and Emergency Response Management capabilities at NASRO 2023, a National School Safety Conference in Indianapolis, Indiana on June 28 to 29, 2023.

On June 22, 2023, Siyata announced new aggregate orders of approximately \$600,000 for its Siyata SD7 Handset and VK7 Vehicle Kit in the vertical markets of education, construction, and logistics.

On June 27, 2023, Siyata announced the pricing of a new public offering of 50 million common shares at \$0.045 per share. The gross proceeds to Siyata before fees, commissions, and expenses are expected to be \$2.25 million, closing on or about June 28, 2023.



On July 6, 2023, Siyata announced the receipt of its single largest order for SD7 Handsets of \$1.4 million, to be delivered in the second half of 2023.

On July 11, 2023, Siyata announced that it had entered into a securities purchase agreement with certain institutional investors to purchase 51.45 million common shares at a price of \$0.045 per share. The gross proceeds to Siyata before fees, commissions, and expenses are expected to be \$2.3 million, closing on or about July 13, 2023.

On July 12, 2023, Siyata announced that its 2023 Annual General Meeting of its stockholders will be held on Thursday August 3, 2023 at 1 pm ET.

On July 18, 2023, Siyata announced it had received orders from two large North American waste management companies for its SD7 Handset and VK7 Vehicle Kit, and for its UV350 In-Vehicle Device.

On July 20, 2023, Siyata announced its participation in APCO 2023, which is APCO's International Annual Conference and Expo for public safety communications officials to be held on August 6 to 9, 2023, in Nashville, Tennessee.

On July 25, 2023, Siyata names public safety advocate and Business Development executive Doug Clark, formerly from AT&T FirstNet, as its new Assistant Vice President, Sales and Marketing.

On August 10, 2023, the Company effected a 100-to-1 reverse stock split resulting in 185,393,404 shares converted with rounding into 1,853,955 shares.

## Outlook

Siyata has laid the foundation for greater distribution with expanded partnerships, key new sale hires, and expanded product offerings into North America. Management is hopeful that this momentum will continue throughout 2023, in particular, as it leverages its key sales channels, and with its expanded and refreshed product offerings.

55

**Uniden® UV350** | Active engagements including several customer trials and several repeat orders from existing UV350 customers in 2023 should translate into growth in this product line.

**Rugged Handsets** | Siyata's rugged handsets are targeted to the approximately 47 million enterprise task and public sector workers across North America including construction, transport and logistics, manufacturing, energy and utility, public safety, and federal government. Prior to launching SD7 Handset in North America, Siyata sold its rugged handsets only in international markets. Siyata expanded its footprint in this product category with the launch of the SD7 device, in the fourth quarter of 2021 in North America. The SD7 is a next-generation device and Siyata's first mission-critical push-to-talk handset. [Source: U.S. Department of Transportation, VDC Research.]

**Cellular Boosters** | The pandemic has helped fuel strong demand for Siyata's boosters in 2020 and 2021. This momentum slowed in 2022 but we anticipate consistent sales in 2023.

## Summary Of Quarterly Results

The following unaudited table sets out selected financial information for the Company on a consolidated basis for the last eight most recently completed quarters based on a pre 100-1 common shares reverse stock split.

<u>June 30,</u> <u>2023</u>	<u>Mar 31,</u> <u>2023</u> <u>restated</u>	<u>Dec 31,</u> <u>2022</u>	<u>Sep 30,</u> <u>2022</u>	<u>Jun 30,</u> <u>2022</u>	<u>Mar 31,</u> <u>2022</u> <u>(restated)</u>	<u>Dec 31,</u> <u>2021</u>	<u>Sep 30,</u> <u>2021</u>
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	(2,333,61	(4,877,99	(6,588,30	(527,94	(4,304,08	(3,878,90	(4,979,66	(5,667,93
<b>Income/(loss)</b>	\$ 7)	\$ 9)	\$ 9	\$ 8)	\$ 8)	\$ 9)	\$ 1)	\$ 7)
<b>Comprehensive</b>								
<b>income/(loss)</b>								
<b>) for the</b>	(2,333,61	(4,877,99	(6,589,32	(390,83	(4,278,10	(3,903,37	(4,833,79	(5,677,27
<b>period</b>	\$ 7)	\$ 9)	\$ 9)	\$ 8)	\$ 2)	\$ 7)	\$ 5)	\$ 4)
<b>Loss per share</b>	\$ (0.03)	\$ (0.08)	\$ (0.17)	\$ (0.03)	\$ (0.29)	\$ (0.30)	\$ (0.99)	\$ (1.18)

## RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2023

The following is an analysis of the Company's operating results for the three months ended June 30, 2023, and includes a comparison against the three months ended June 30, 2022.

### Operations:

**Revenues** for the three months ended June 30, 2023, were \$2,710,717 compared to \$969,528 for the three months ended June 30, 2022. This increase of \$1,741,189 (180%) is due mainly to the increase in the sale of rugged devices as a result of the launching of the SD7 in 2022 of \$1,916,000 or 871% increase, offset by a \$174,811 decrease (negative 23%) in sales of boosters in the same period.

**Cost of sales** for the three months ended June 30, 2023, were \$1,906,227 compared to \$860,855 for the three months ended June 30, 2022. The gross margin dollars for the three months ended June 30, 2023 and June 30, 2022 was \$804,490 (29.7% of sales) and \$108,673 (11.2% of sales), respectively, a positive variance in gross margin by \$695,817 (18.5% increase in gross margin percentage). This relates to the increase in sales of our new suite of rugged and in-vehicle cellular devices at higher margins compared to the margins sold on the legacy rugged devices.

**Amortization and depreciation costs** for the three months ended June 30, 2023, were \$453,499 compared to \$335,419 for the three months ended June 30, 2022, respectively, a negative variance of \$118,080. This negative variance is due to the increased intangible asset amortization that began for the VK7 in 2023 of \$101,133 and an increase in the amortization of the SD7 of \$16,947.

**Development expenses** for the three months ended June 30, 2023, were \$31,465 compared to \$140,054 for the three months ended June 30, 2022, respectively. This positive variance of \$108,589 is due to the decrease of the development costs incurred on the company's rugged device development program that did not meet the criteria for capitalization was lower in 2022 due to more focused development activities on capitalizable products.

**Selling and marketing costs** for the three months ended June 30, 2023, were \$1,037,803 compared to \$1,163,675 for the three months ended June 30, 2022 respectively. This positive variance of \$125,872 is due mainly to the decrease in promotional costs of \$88,000, decrease in our U.S. sales team headcount of \$32,000 and decreased travel expense of \$5,872.

**General and administrative costs** for the three months ended June 30, 2023, were \$1,703,382 compared to \$1,851,582 for the three months ended June 30, 2022, respectively. This positive variance of \$148,200 (8%) relates mainly to the, decreases in insurance included in office and general of \$258,000, decrease consulting and director's fees of \$56,000 due to no bonuses paid in 2023, decrease in shareholder relations costs of \$135,000, the decrease of \$29,000 in travel costs, offset by an increase in professional services costs of \$197,000 related to both the increase in fees for U.S. securities attorney and the additional costs for the annual PCAOB audit, increase of \$120,000 in salaries expense related to additional employees, in 2023, and a \$12,800 increase in regulatory and filing fees.

**Inventory Impairment** costs for the three months ended June 30, 2023, were \$NIL compared to \$238,980 for the three months ended June 30, 2022, respectively.

**Bad debts** for the three months ended June 30, 2023, were \$10,148 compared to \$70,643 for the three months ended June 30, 2022, respectively.

**Share-based** compensation costs for the three months ended June 30, 2023, were \$260,705 compared to \$1,126,300 for the three months ended June 30, 2022, respectively. The decrease in share-based compensation relates to the valuation of stock options vested during the prior year period due to the issuance in Q1 2022 of 600,000 RSU's to directors and officers that vested immediately.

57

**Finance expenses** for the three months ended June 30, 2023, were \$41,251 compared to \$18,739 for the three months ended June 30, 2022, respectively. This negative variance of \$22,512 consists of negative variance in the interest on the factoring of \$16,951 and negative variance interest on lease obligations of \$5,561.

**Foreign exchange loss** for the three months ended June 30, 2023, was income of \$78,762 compared to an expense of \$106,828 for the three months ended June 30, 2022, respectively. This variance resulted from foreign currency fluctuations in the period.

**Change in fair value of the convertible promissory note** for the three months ended June 30, 2023, were \$NIL compared to \$570,391 for the three months ended June 30, 2022, respectively. In 2022, this resulted from both the repricing of the convertible feature of the promissory note when other capital raises reduced the convertible price and due to the full repayment of the promissory note via the issuance of share capital whose formula in the agreement between the parties required between 80%-90% of the lowest 5 day VWAP in a thirty day period which resulted in a significant fair value loss in the year.

**Change in fair value of the warrant liability** for the three months ended June 30, 2023, was a gain of \$321,384 compared to a gain of \$1,209,850 for the three months ended June 30, 2022, respectively. The three months ended June 2023 amount relates to only to the revaluation of the 9,999,999 warrants issued January 2022.

#### **Net loss for the period**

The Company experienced a net loss for the three months ended June 30, 2023, were \$2,333,617 compared to a net loss of \$4,304,088 for the three months ended June 30, 2022 respectively, a positive variance of, (\$1,970,471). This positive variance was due mainly to an increase in gross margin of \$695,817, decrease in share-based payments of \$865,595, decrease in development expense of \$108,589, decrease in foreign exchange of \$185,590, decrease in bad debt expense by \$60,495, decreases in inventory impairment of \$238,980, a decrease in selling expenses of \$125,872 and a decrease in G&A expenses of \$148,200, decrease in the fair value gain on financial derivatives of \$318,075 offset by an increase in finance expenses of \$22,512, an increase in amortization of \$118,080.

#### **Loss and comprehensive loss for the period**

As a result of the activities discussed above, the Company experienced a comprehensive loss for the three months ended June 30, 2023, were \$2,333,617 versus \$4,278,102 for the three months ended June 30, 2022, respectively, representing a positive variance of \$1,944,485.

#### **Adjusted EBITDA**

For the three months ended June 30, 2023, the adjusted EBITDA is negative (\$1,978,308) versus negative (\$3,356,261) in the prior year period, a positive variance of \$1,377,953. Adjusted EBITDA is defined as the net operating loss excluding depreciation and amortization, intangible impairment, goodwill impairment and share-based

compensation expense. It is a non-IFRS calculation that should be compared to our audited financial information included elsewhere in this Annual Report.

## **RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The following is an analysis of the Company's operating results for the six months ended June 30, 2023, and includes a comparison against the six months ended June 30, 2022.

### **Operations:**

**Revenues** for the six months ended June 30, 2023, were \$4,513,354 compared to \$1,802,502 for the six months ended June 30, 2022. This increase of \$2,710,852 (150%) is due mainly to the increase in the sale of rugged devices of \$2,911,000 or 494% increase due to the launching of the SD7 in Q3 2022 offset by a \$200,148 decrease in sales of boosters in the same period.

**Cost of sales** for the six months ended June 30, 2023, were \$3,212,347 compared to \$1,438,778 for the six months ended June 30, 2022. The gross margin dollars for the six months ended June 30, 2023 and June 30, 2022 was \$1,301,007 (28.8% of sales) and \$363,724 (20.2% of sales), respectively, a positive variance in gross margin by \$937,283 (8.6% decrease in gross margin percentage). This relates to the increase in sales of our new suite of rugged and in-vehicle cellular devices at higher margins compared to the margins sold on the legacy rugged devices.

**Amortization and depreciation costs** for the six months ended June 30, 2023, were \$855,139 compared to \$459,924 for the six months ended June 30, 2022, respectively, a negative variance of \$395,215. This negative variance is due to the increased intangible asset amortization that began for the VK7 in 2023 of \$202,265, the increase in amortization of the SD7 in 2023, due to the 2022 amortization only beginning in Q2 2022, of \$236,875 offset by the decrease in the right of use amortization in the period by \$43,925.

**Development expenses** for the six months ended June 30, 2023, were \$85,450 compared to \$263,370 for the six months ended June 30, 2022, respectively. This positive variance is due to the decrease of the development costs incurred on the company's rugged device development program that did not meet the criteria for capitalization was lower in 2022 due to more focused development activities on capitalizable products.

**Selling and marketing costs** for the six months ended June 30, 2023, were \$2,041,168 compared to \$2,208,726 for the six months ended June 30, 2022 respectively. This positive variance of \$167,558 is due mainly to the decrease in promotional costs of \$237,000, offset by both an increase in our U.S. sales team headcount of \$55,000 and increased travel expense of \$14,442.

**General and administrative costs** for the six months ended June 30, 2023, were \$3,095,812 compared to \$3,510,661 for the six months ended June 30, 2022, respectively. This positive variance of \$414,849 (12%) relates mainly to the decrease consulting and director's fees of \$212,000 due to no bonuses paid in 2023, decreases in insurance included in office and general of \$374,000, decrease in investor relations costs of \$328,000, the decrease of \$51,000 in travel costs, offset by an increase in professional services costs of \$385,000 related to both the increase in fees for U.S. securities attorney and the additional costs for the annual PCAOB audit, increase of \$146,000 in salaries expense related to additional employees, in 2023, an \$19,151 increase in regulatory and filing fees.

**Inventory Impairment costs** for the six months ended June 30, 2023, were \$NIL compared to \$303,316 for the six months ended June 30, 2022, respectively.

**Bad debts** for the six months ended June 30, 2023, were \$10,148 compared to \$63,285 for the six months ended June 30, 2022, respectively.

**Share-based** compensation costs for the six months ended June 30, 2023, were \$571,533 compared to \$1,939,035 for the six months ended June 30, 2022, respectively. The decrease in share-based compensation relates to the valuation of stock options vested during the prior year period due to the issuance in Q1 2022 of 600,000 RSU's to directors and officers that vested immediately.

59

**Finance expenses** for the six months ended June 30, 2023, were \$75,349 compared to \$45,726 for the six months ended June 30, 2022, respectively. This negative variance of \$29,623 consists of negative variance in interest on the factoring of the North American receivables of \$16,951 and a negative variance interest on lease obligations of \$12,672.

**Foreign exchange loss** for the six months ended June 30, 2023, was a gain of \$78,599 compared to a loss of \$19,168 for the six months ended June 30, 2022, respectively. This variance resulted from foreign currency fluctuations in the period.

**Transaction costs** for the six months ended June 30, 2023, were \$NIL compared to \$965,247 for the six months ended June 30, 2022, respectively. In 2022, transaction cost related to share issuance costs incurred on the two equity raises undertaken in the year, which were allocated to the warrant liability and expensed when incurred.

**Change in fair value of the convertible promissory note** for the six months ended June 30, 2023, were \$NIL compared to \$3,250,848 for the six months ended June 30, 2022, respectively. In 2022, this resulted from both the repricing of the convertible feature of the promissory note when other capital raises reduced the convertible price and due to the full repayment of the promissory note via the issuance of share capital whose formula in the agreement between the parties required between 80%-90% of the lowest 5 day VWAP in a thirty day period which resulted in a significant fair value loss in the year.

**Change in fair value of the opening warrant liability** for the six months ended June 30, 2023, was \$NIL compared to a gain of \$962,350 for the six months ended June 30, 2022, respectively. The six months ended 2022 relates to the adjustment of fair value of the opening balance of a warrant liability due to a capital raise.

**Change in fair value of the warrant liability** for the six months ended June 30, 2023, was a loss of \$1,856,623 compared to a gain of \$5,444,935 for the six months ended June 30, 2022, respectively. The six months ended 2023 amount relates to the inducement warrant fair value loss of \$2,875,580 plus the transaction costs for the warrant exercise and re-issuance of \$309,000 included in change in fair value plus the actual change in fair value gain of for the period of \$1,327,957. As well, resulting of certain warrants becoming cashless, there was a significant reduction in the number of warrants outstanding that required fair value valuation as of June 30, 2023.

#### **Net loss for the period**

The Company experienced a net loss for the six months ended June 30, 2023, were \$7,211,616 compared to a net loss of \$8,182,997 for the six months ended June 30, 2022, respectively, a positive variance of, \$971,381. This variance was due mainly to a decrease in inventory impairment of \$303,316, decrease in development expense of \$177,920, decrease in share-based payments of \$1,367,502, a decrease in selling expenses of \$167,558, increase in gross margin of \$937,283, a decrease in G&A expenses of \$414,849, a decrease in foreign exchange of \$97,767, a decrease in bad debt expense by \$53,137 and a decrease in transaction costs of \$965,247. offset by an increase in the fair value loss on financial derivatives of \$3,088,360, increase in finance expenses of \$29,623, and an increase in amortization of \$395,215.

#### **Loss and comprehensive loss for the period**

As a result of the activities discussed above, the Company experienced a comprehensive loss for the six months ended June 30, 2023, were \$7,211,616 versus \$8,181,479 for the six months ended June 30, 2022, respectively, representing a positive variance of \$969,863.

### **Adjusted EBITDA**

For the six months ended June 30, 2023, the adjusted EBITDA is negative (\$3,931,571) versus negative (\$5,985,634) in the prior year period, a positive variance of \$2,054,063. Adjusted EBITDA is defined as the net operating loss excluding depreciation and amortization, intangible impairment, goodwill impairment and share-based compensation expense. It is a non-IFRS calculation that should be compared to our audited financial information included elsewhere in this Annual Report.

60

## **B. Liquidity and Capital Resources**

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company has historically financed its operations primarily through a combination of demand loans and the sale of share capital by way of private placements.

As at June 30, 2023, the Company had a cash balance \$2,026,640 (Dec 31, 2022-\$1,913,742). The Company had an accumulated deficit of \$85,030,279 (Dec 31, 2022-\$77,818,663) and working capital of \$3,740,713 (December 31, 2022-\$1,643,434).

Net cash flows related to operating activities used in the six month period ended June 30, 2023 and six months ended June 30, 2022 were negative (\$4,223,380) and negative (\$11,174,413), respectively. The decrease in cash used for operating activities of \$6,951,033 was primarily due to the decrease in the change in non-cash working capital items of \$4,222,270, and a decrease of net loss including addbacks of \$2,728,763.

The non-cash working capital variances consisting of increase in the change of trade and other receivables of \$966,547, decrease in the change of prepaids of \$188,170, decrease in the change of inventory of \$4,177,104, an decrease in the change of advances to suppliers of \$380,658, an increase in in the change of accounts payable and accrued liabilities of \$592,485 and a decrease in the change of deferred revenue of \$149,600.

Net cash flows used in investing activities in six month period ended June 30, 2023 and six months ended June 30, 2022 were negative (\$1,332,911) and negative (\$1,546,475), respectively. A positive variance of \$213,564. This positive variance relates primarily to the acquisition in Q1 2022 of ClearRF of \$155,014 that did not recur in 2023, offset by an increase in intangible asset additions of \$60,445, and the increase in fixed asset additions of \$1,895.

Net cash flows used in financing activities in the six month period ended June 30, 2023 and six months ended June 30, 2022 were \$5,669,189 and \$15,141,656, respectively. A negative variance of \$9,472,467 relates to increase in 2022 net proceeds of share capital raises after share issuance costs of \$13,427,813, a \$5,740 increase in the lease payments, and an increase in cash transaction costs of \$748,600, offset by the \$4,000,000 reduction in the convertible promissory note, and a \$709,686 increase in bank loan.

The future success of the Company is dependent on the continued success of its vehicle mounted communications products, its mobile rugged phones and its booster products together with the ability to finance the necessary working capital, at agreeable terms, to support the growth of the business.

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. The consolidated audited financial statements do not include any adjustments relating to the recoverability and classification of recorded asset

amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## **SHARE CAPITAL**

### **(a) Authorized** Unlimited number of Common Shares without par value

#### **Issued and Outstanding:**

As at June 30, 2023, the Company had 133,943,404 common shares issued and outstanding (December 31, 2022 – 44,868,560).

As of the date of issuance of these financial statements total outstanding common shares is 185,193,404.

As of August 9, 2023 the Company affected a 100-1 reverse stock split so that the outstanding number of shares will be 1,853,955.

61

*Transactions for the six months ended June 30, 2023 are as follows:*

- The Company issued 18,042,857 common shares on the exercise of various warrants for gross proceeds of \$3,608,571. Additionally, the Company issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 30, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 21,031,987 common shares were issued for cashless warrants in Q2 2023.

#### **Subsequent Events:**

Subsequent to the period end, the Company issued 51,450,000 common shares at \$0.45 for total gross proceeds of \$2,315,250.

On August 9, 2023 the Company affected a 100-1 reverse stock split so that the outstanding number of common shares will be 1,853,955 (pre-split 185,393,404),

### **(b) Common share transactions**

*Transactions for the six months ended June 30, 2022 are as follows:*

On January 11, 2022, the Company completed an underwritten public offering in the United States, raising a total of \$20,013,043 in gross proceeds. The Company allocated the gross proceeds firstly to the warrant liabilities, with the remainder to the common shares. Direct costs have been allocated based on the percentage allocation of the proceeds. The underwritten public offering resulted in the sale to the public of 7,215,652 Units at \$2.30 per Unit, with each Unit being comprised of one common share and one warrant (the “Unit Warrants”) exercisable at \$2.30 per share. The Unit warrants are exercisable immediately and have a term of 5 years. Gross proceeds of \$10,936,974 were allocated to the common shares, and \$5,395,878 to the unit warrants liability.

In addition, the Company issued 1,480,000 pre-funded units (“Pre-Funded Units”) at \$2.29 per Pre-Funded Unit. Each Pre-Funded Unit is comprised of a one-pre-funded warrant (a “Pre-Funded Warrant”) to purchase one common share, and one warrant to purchase one common share. The Pre-Funded Warrant allows the holder to acquire one common share of the Company at an exercise price of \$0.01 per common share, and a

warrant to purchase a common share at an exercise price of \$2.30 per share. The warrants are exercisable immediately and have a term of 5 years. Each Pre-Funded Warrant is exercisable immediately and is exercisable until all Pre-Funded Warrants are exercised. Proceeds of \$2,560,400 were allocated to the pre-funded warrants and \$1,106,747 to the unit warrants in the warrant liability.

The Company determined that the pre-funded warrants within the Pre-funded Units are common shares in substance, as they require only a minimal exercise price of \$0.01. In addition, the underwriting agreement includes both the Units and Pre-funded Units and were negotiated together in the equity raise. Given that the purpose of the Pre-funded Unit is in substance the same as that of the Unit (i.e., resulting in the ownership of both common shares and common share warrants) and that the terms of the warrants in both the Units and Pre-funded Units are the same (i.e., the obligations of the Company for the units are the same), the Company determined that the Units and Pre-funded Units are closely related and should be combined into one unit of account for the purposes of allocating proceeds.

Therefore, the proceeds from the sale of the Units and Pre-funded Units are combined and allocated among the common shares, pre-funded warrants, and the common share warrants using the residual method, with the warrant liability being initially recognized at fair value as of the registration date and the residual amount being allocated to the common shares (i.e., equity).

**(b) Common share transactions (cont'd)**

The Company concurrently sold an additional 1,304,347 warrants to purchase 1,304,347 common shares exercisable at \$2.30 per share (the "Option Warrants") pursuant to an over-allotment option exercised by the underwriter. The exercise price of the warrants issued in connection with the exercise of the over-allotment option was \$0.0097 per warrant. Each Option Warrant is exercisable immediately and has a term of five years from the issue date. Proceeds of \$975,393 were allocated to the option warrant liability. As the fair value of the warrant liability exceeded the proceeds received on the warrants of \$13,043, a fair value loss of \$962,350 was recognized in the statement of profit and loss as a fair value change in the opening warrant liability.

The fair value of the common shares and pre-funded units was determined by reference to the market price on the day of the offering, which was \$1.73 per share. The Unit Warrants, Warrants, and Option Warrants were valued using the Black-Scholes model using the following assumptions: initial stock price \$1.73, strike rate \$2.30, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company also issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the "Placement Agent Warrants"), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

The Company assessed that the warrants issued under the public offering, excluding the Placement Agent Warrants did not meet the "fixed for fixed" test and are therefore reported as liabilities at fair value through profit and loss, and revalued at the end of each period. The Placement Agent Warrants were assessed under IFRS 2 *Share Based Payments*, as equity-settled share-based payments and have been recorded in equity.

The direct costs related to the issuance of the common shares and warrants issued in the January 2022 underwritten public offering were \$2,016,895, including the value of the Placement Agent Warrants. Direct costs of \$965,248 were allocated to the warrant liability and expensed immediately in profit and loss. During the period, 1,480,000 Pre-Funded Warrants were exercised for gross proceeds of \$14,800, converting into 1,480,000 common shares that were fully issued.



The fair value of the common shares and pre-funded units was determined by reference to the market price on the day of the offering, which was \$1.73 per share. The Unit Warrants, Warrants, and Option Warrants were valued using the Black-Scholes model using the following assumptions: initial stock price \$1.73, strike rate \$2.30, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%.

On March 31, 2022, as part of the ClearRF acquisition (Note 3), the Company issued 138,958 shares to the vendor with a fair value of \$190,094.

The Company issued 854,219 common shares with a fair value of \$1,002,461 as combined payments of the monthly principal repayment of \$400,000 for the months of May and June 2022 payable in shares per the terms of the promissory note.

The Company issued 155,000 common shares, with a fair value of \$170,500 (\$1.10 per share) to consultants as part of their compensation for services rendered.

63

### Stock Options:

The Company has a shareholder-approved “rolling” stock option plan (the “Plan”) in compliance with Nasdaq policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 15% of the total number of issued and outstanding Common Shares on a fully diluted basis at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant, less a discount of up to 25%. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

A summary of the Company’s stock option activity at June 30, 2023 and the date of the MD&A are as follows:

	<b>Number of stock options</b>	<b>Weighted Average Exercise Price</b>
<b>Outstanding options, December 31, 2021</b>	<b>414,568</b>	<b>\$ 13.88</b>
Granted	1,145,000	\$ 1.15
Expired/Cancelled	(53,430)	\$ 30.90
<b>Outstanding options, December 31, 2022, June 30, 2023 and the date of the MD&amp;A</b>	<b>1,506,138</b>	<b>\$ 3.53</b>
<b>Outstanding options after the 100-1 reverse stock split), December 31, 2022, June 30, 2023 and the date of the MD&amp;A</b>	<b>15,061</b>	<b>\$ 353.00</b>

*Transactions for the six months ended June 30, 2022 are as follows:*

On January 1, 2022, the Company granted 20,000 stock options at \$4.00 per share that vest in 8 equal quarterly periods with the first vesting occurring on the grant date. The fair value on the date of the grant was \$54,480 (\$2.724 per option).

On April 13, 2022, the Company granted 795,000 stock options to executives and employees at an exercise price of \$1.10 per share. These options vest quarterly over three years period with the first vesting taking place at the date of the grant. The fair value of these options on the date of the grant is \$678,520 (\$0.8535 per share).

64

As of June 30, 2023 stock options outstanding are as follows:

<b>Grant Date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry date</b>	<b>Remaining contractual life (years)</b>
24-Dec-18	12,896	12,896	54.00	24-Dec-23	0.48
15-Jan-19	828	828	54.00	15-Jan-24	0.55
21-Mar-19	12,345	12,345	59.00	21-Mar-24	0.73
1-Jan-20	2,069	2,069	54.00	1-Jan-24	0.51
15-Nov-20	95,000	95,000	6.00	15-Nov-30	7.38
15-Nov-20	161,500	161,500	6.00	15-Nov-25	2.38
2-Jan-21	57,000	49,875	11.50	2-Jan-26	2.51
2-Jan-21	5,000	4,375	11.50	2-Jan-31	7.52
18-Jan-21	14,500	12,688	11.50	18-Jan-26	2.56
1-Jan-22	20,000	10,000	4.00	29-Oct-26	3.33
13-Apr-22	795,000	331,250	1.10	13-Apr-27	3.79
12-Jul-22	330,000	110,000	1.10	12-Jul-25	2.04
<b>Total (before the 100-1 reverse stock split)</b>	<b>1,506,138</b>	<b>802,826</b>	<b>\$ 3.53</b>		<b>3.37</b>
<b>Total (after the 100-1 reverse stock split)</b>	<b>15,061</b>	<b>8,283</b>	<b>\$ 353.0</b>		<b>3.37</b>

#### **Restricted Share Units (“RSUs”)**

The Company approved on February 14, 2022, an amended and restated equity incentive plan which permits the issuance of restricted share units in addition to stock options.

A summary of the Company’s restricted share unit activity during the year ended December 31, 2022 and for the interim period of June 30, 2023 and the date of this MD&A are as follows:

	<b>Number of RSU’s</b>	<b>Weighted Average Issue Price</b>
<b>Outstanding RSU, December 31, 2021</b>	-	\$ -
Granted	3,195,000	\$ 1.05
Exercised	(30,000)	\$ 1.10
<b>Outstanding RSU, December 31, 2022, June 30, 2023 and the date of this MD&amp;A before the 100-1 reverse stock split</b>	<b>3,165,000</b>	<b>\$ 1.05</b>
<b>Outstanding RSU, December 31, 2022, June 30, 2023 and the date of this MD&amp;A after the 100-1 reverse stock split</b>	<b>31,650</b>	<b>\$ 105.00</b>

As at June 30, 2023 restricted share units outstanding are as follows:

<b>Grant Date</b>	<b>Number of RSU’s outstanding</b>	<b>Number of RSU’s exercisable</b>	<b>Weighted Average Issue Price</b>
09-Mar-22	2,250,000	1,050,000	\$ 1.03
13-Apr-22	825,000	513,750	\$ 1.10
12-Jul-22	90,000	30,000	\$ 1.10

<b>Outstanding RSU, June 30, 2023 (before 100-1 reverse stock split)</b>	<b>3,165,000</b>	<b>1,893,750</b>	<b>\$ 1.05</b>
<b>Outstanding RSU, June 30, 2023 (after the 100-1 reverse stock split)</b>	<b><u>31,650</u></b>	<b><u>18,938</u></b>	<b><u>\$ 105.00</u></b>

65

*Transactions for the six months ended June 30, 2022, are as follows:*

On March 9, 2022, the Company granted 450,000 RSU's to Directors that vest immediately. On the date of granting, the fair value and stock price was \$1.03/share.

On March 9, 2022, the Company granted 1,800,000 RSU's to a Director that vest quarterly over 12 periods with the first vesting of 150,000 RSU's occurring on the date of the granted and another 150,000 vest every six months until all of the granted RSU's have vested. On the date of granting, the fair value and the stock price was \$1.03/share.

On April 13, 2022, the Company granted 240,000 RSU's to consultants that vest immediately. On the date of granting, the fair value and the stock price was \$1.10/share.

On April 13, 2022, the Company granted 585,000 RSU's to employees of the Company that vest quarterly over 12 periods with the first vesting of 48,750 RSU's occurring on the date of the granted and another 48,750 RSU's vest every three months until all of the granted RSU's have vested. On the date of granting, the fair value and the stock price was \$1.10/share.

66

### Agent's options

A summary of the Company's agents' options activity for the six month period ended June 30, 2023 is as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
<b>Outstanding agent options, December 31, 2021</b>	<b><u>445,926</u></b>	<b><u>\$ 7.51</u></b>
Granted	487,283	2.51
Expired	(1,702)	20.49
<b>Outstanding agent options, December 31, 2022, June 30, 2023 and date of the MD&amp;A (before the 100-1 reverse stock split)</b>	<b>931,507</b>	<b>\$ 4.87</b>
<b>Outstanding agent options, December 31, 2022, June 30, 2023 and date of the MD&amp;A (after the 100-1 reverse stock split)</b>	<b><u>9,315</u></b>	<b><u>\$ 487.00</u></b>

As at June 30, 2023, agent's options outstanding and exercisable are as follows:

<b>Grant Date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry date</b>	<b>Remaining contractual life (years)</b>
29-Sep-20	113,500	113,500	\$ 6.60	28-Sep-25	2.00

29-Sep-20	266,000	266,000	\$ 6.85	28-Sep-25	2.00
31-Dec-20	64,724	64,724	\$ 11.50	30-Jun-24	1.00
11-Jan-22	434,783	434,783	\$ 2.53	11-Jan-27	4.00
01-Apr-22	52,500	52,500	\$ 2.30	08-Mar-27	4.00
<b>Total (before the 100-1 reverse stock split)</b>	<b>931,507</b>	<b>931,507</b>	<b>\$ 4.87</b>		<b>2.98</b>
<b>Total (after the 100-1 reverse stock split)</b>	<b>9,315</b>	<b>9,315</b>	<b>\$ 487.00</b>		<b>2.98</b>

Transactions for the six months ended June 30, 2022 are as follows:

- The Company issued warrants to the placement agents to purchase 434,783 common shares at an exercise price of \$2.53 per share (the "Placement Agent Warrants"), which are exercisable 180 days from January 11, 2022, with a term of five years. The fair value of the Placement Agent Warrants was determined to be \$307,189 using the Black-Scholes model with the following assumptions: initial stock price \$1.73, strike rate \$2.53, dividend yield 0%, term 5 years, volatility 60.0% and risk-free rate 0.50%. The Company also issued 52,500 agent's options with a fair value of \$61,950 with an exercise price of \$2.30.

67

#### Share Purchase Warrants:

A summary of the Company's warrant activity for the period ended at June 30, 2023 is as follows:

	Number of Warrants	Weighted average exercise price
<b>Outstanding, December 31, 2021</b>	<b>5,121,328</b>	<b>\$ 7.64</b>
Granted	29,139,129	\$ 0.94
Expired	(128,386)	\$ 33.47
<b>Outstanding, December 31, 2022</b>	<b>34,132,071</b>	<b>\$ 1.76</b>
Granted	18,042,857	0.20
Exercised	(39,074,844)	0.09
<b>Outstanding, June 30, 2023 and the date of the MD&amp;A (before the 100-1 reverse stock split)</b>	<b>13,100,084</b>	<b>\$ 3.84</b>
<b>Outstanding, June 30, 2023 and the date of the MD&amp;A (after the 100-1 reverse stock split)</b>	<b>131,001</b>	<b>\$ 384.00</b>

As of June 30, 2023, share purchase warrants outstanding and exercisable are as follows:

Grant Date	Number of Warrants outstanding and exercisable	Exercise Price	Expiry date
29-Sep-20	1,805,585	\$ 6.85	28-Sep-25
31-Dec-20	1,294,500	\$ 11.50	30-Jun-24
11-Jan-22	9,999,999	\$ 2.30	11-Jan-27
<b>Total (before the 100-1 reverse stock split)</b>	<b>13,100,084</b>	<b>\$ 3.84</b>	
<b>Total (before the 100-1 reverse stock split)</b>	<b>131,001</b>	<b>\$ 384.00</b>	

Transactions for the six months ended June 30, 2023 are as follows:

- 18,042,857 warrants were exercised on January 19, 2023. The Company on the same day, issued 18,042,857 warrants to replace those warrants that were exercised. As an incentive to investors to exercise the 18,042,857 warrants, the Company issued cashless warrants to those investors that were exercisable as of March 31, 2023. As well, any holders of the \$0.23 warrants that had a ratchet provision also became cashless. As a result, 21,031,987 cashless warrants were exercised in Q3 2023.

*Transactions for the six months ended June 30, 2022 are as follows:*

- 128,386 share purchase warrant expired in 2022.
- On January 11, 2022 as part of an underwritten public offering, the Company issued a total of 9,999,999 share purchase warrants, exercisable at \$2.30 per warrant and with a term of five years.

## **FINANCIAL INSTRUMENTS**

The fair values of the Company's cash, trade and other receivables, accounts payable and accrued liabilities and long-term debt, approximate carrying value, which is the amount recorded on the consolidated statement of financial position.

### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company places its cash with institutions of high creditworthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 34% of the Company's revenue for the six months ended June 30, 2023 (June 30, 2022 -23%) is attributable to sales transactions with a single customer.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. In prior years, certain key customers were offered extended payment terms on their purchases due to slow down from Covid-19 and budget approvals for government tenders.

More than 40% (2022 – 18%) of the Company's customers have been active with the Company for over four years, and the allowance for doubtful accounts of \$1,091,026 (2022 - \$1,056,393) has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity, and the existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Company.

The carrying amount of financial assets represents the maximum credit exposure, notwithstanding the carrying amount of security or any other credit enhancements.

## **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

69

The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs, and it is careful at all times to have enough unused credit facilities so that the Company does not exceed its credit limits and is in compliance with its financial covenants (if any). These forecasts take into consideration matters such as the Company's plan to use debt for financing its activity, compliance with required financial covenants, compliance with certain liquidity ratios, and compliance with external requirements such as laws or regulation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

With the exception of employee benefits, the Company's accounts payable and accrued liabilities have contractual terms of 90 days. The employment benefits included in accrued liabilities have variable maturities within the coming year.

## **Market risk**

### *a) Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

### *a) Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates is currently immaterial as the Company's debt bears interest at fixed rates.

### *b) Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **C. Research and development, patents and licenses, etc.**

### ***Research and development***

The Company undertakes research activities that present the prospect of gaining new scientific or technical knowledge and understanding, and the Company's development activities involve a plan or design for the production

of new or substantially improved products and processes. The Company conducts its own research and development with its internal engineering teams in Israel and complements that effort with subcontractors for both its hardware and software development. The Company analyzes market trends, evaluates emerging wireless technologies, and innovates to address anticipated customer needs.

### *Patents*

The Company owns two patents that it acquired from Clear RF and the Corporation has entered into several licensing agreements for the use of a trademark and certain patents.

70

In March 2021, the Corporation, through a wholly-owned subsidiary of Signifi Mobile Inc., the Corporation's wholly-owned subsidiary, also acquired all of the outstanding units of Clear RF LLC ("ClearRF"), a Washington State limited liability company, for a total purchase price of \$700,000. The purchase price which was satisfied by the issuance of approximately \$389,970 in Common Shares and a payment of \$310,030 in cash. ClearRF produces M2M (machine-to-machine) cellular amplifiers for commercial and industrial M2M applications, and offers patented direct connect cellular amplifiers and patented auto gain & oscillation control designed for M2M and "internet-of-things" ("IoT") applications. ClearRF's flagship product is a 4G LTE direct connect cellular amplifier designed specifically for fixed and mobile M2M and IoT applications, used to connect directly to any cellular router, modem, embedded module, or alarm panel.

### *Licensing Agreements*

#### *Licensing Agreement with Uniden® America Corp*

In December 2012, Signifi Mobile Inc., the Corporation's wholly-owned subsidiary, entered into a license agreement (as amended, the "**Uniden Agreement**") with Uniden America Corporation ("**Uniden**"). The Uniden Agreement includes renewal options up to December 31, 2022, and has been successively renewed to date.

The Uniden Agreement, as in effect currently, provides the Corporation with the exclusive right to use the trademark "Uniden®" (along with associated designs and trade dress) and distribute, market, and sell its in-vehicle device, cellular signal booster and accessories under the Uniden® brand in the categories of cellular amplifiers, connected vehicle cellular devices, and rugged cellular products, during its term in North America. The Uniden® brand brings strong brand recognition for the Corporation's devices and introduces a more unified brand to the current dealers, operators, and future customers in North America.

The current **Uniden Agreement** which commenced on January 1, 2020, and **expires** on December 31, 2031. Minimum annual payments under the Uniden Agreement are \$200,000 in 2023-2025 and \$250,000 in each of 2026-2028 and \$300,000 from 2029-2031 (collectively, the "**Minimum Royalty Payments**"). At the end of each fiscal year, Siyata has agreed to pay Uniden 3% of any sales from the licensed products under the Uniden Agreement that exceeds the Minimum Royalty Payments for such fiscal year.

#### *Licensing Agreement with Via Licensing Corporation*

Effective June 8, 2018, the Corporation entered into two separate patent licensing agreements (together, the "**Via Licensing Agreements**") with Via Licensing Corporation to utilize worldwide patents related to the coding and decoding of Android software as well as access and download within the LTE/ 4G network. This patent license is for an initial period of five years and can be extended for a further five-year term. Management is completing the extension prior to the expiry date. Under the Via Licensing Agreements, the Corporation has the right, at any time during the term or any extension thereof, to terminate the agreements upon providing 60 days advanced notice of termination. The Via Licensing Agreements provide for the payment, to Via Licensing Corporation, of quarterly royalty fees that are based solely on product sales and is expressed as a percentage formula based upon the number of units sold, the

country in which the units were manufactured, and the country location of the end customer. There are no minimum royalty fees payable under the Via Licensing Agreements.

*Licensing Agreement with Wilson Electronics, LLC*

Siyata, through its wholly-owned subsidiary, Signifi Mobile Inc., entered into a royalty agreement (the “**Wilson Agreement**”) with Wilson Electronics, LLC on November 30, 2017, with an effective date of January 1, 2018. The Wilson Agreement permits the Corporation to utilize several of Wilson Electronics’ LLC’s patents related to cellphone boosters. Specifically, under the Wilson Agreement, the Corporation has licensed a patent for its cellular booster portfolio of products, for the rights to the stand-alone cell phone radio signal booster on a worldwide basis. The Wilson Agreement is expected to remain in force until the expiration of all of the patents licensed under the Wilson Agreement expire, which is estimated to occur in December 2027. The Wilson Agreement requires Siyata to pay a royalty to Wilson Electronics, LLC of 4.5% of the sales of booster products, payable quarterly.

71

**D.** Trend Information

See Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS, Subsection A. “Outlook” for trend information.

**E.** Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates:

**i) Critical accounting estimates**

*Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but not limited to the following:*

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.
- Fair value of stock options and warrants - Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company’s future operating results or on other components of shareholders’ equity.
- Capitalization of development costs and their amortization rate – Development costs are capitalized in accordance with the accounting policy. To determine the amounts earmarked for capitalization, management estimates the cash flows which are expected to be derived from the asset for which the development is carried out and the expected benefit period.



- Inventory - Inventory is valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss of the current period on any difference between book value and net realizable value.

72

- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.
- Impairment of non-financial assets - The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to asset impairment. The recoverable amount of an asset or a cash-generating unit (“CGU”) is determined using the greater of fair value less costs to sell and value in use which requires the use of various judgments, estimates, and assumptions.
- Useful life of intangible assets – The Company estimates the useful life used to amortize intangible assets which relates to the expected future performance of the assets acquired based on management estimate of the sales forecast.
- Future purchase consideration - In a business combination, the Company recognizes a contingent consideration at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss, or as a change to other comprehensive income (“OCI”). If the contingent consideration is not within the scope of IAS 39, it is measured at fair value in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.
- Contingent consideration from an asset acquisition is recognized when: the conditions associated with the contingency are met; the Company has a present legal or constructive obligation that can be estimated reliably; and it is probably that an outflow of economic benefits will be required to settle the obligation.

## ii) Critical accounting judgments

*Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:*

- Deferred income taxes – judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.
- Functional currency - The functional currency for the Company and each of the Company’s subsidiaries is the currency of the primary economic environment in which the respective entity

operates. The Company has determined the functional currency of each entity to be the Canadian dollar with the exception of Siyata Israel which has the functional currency of the US dollar. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions that determine the primary economic environment.

- Going concern – As disclosed in Note 1 to the consolidated financial statements.

73

## RECENT ACCOUNTING PRONOUNCEMENTS

None than specifically apply to the Company as evaluated by management.

## RELATED PARTY TRANSACTIONS

### Key Personnel Compensation

#### Key Personnel Compensation

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel for the six months ended June 30 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments to key management personnel:		
Salaries, consulting and directors' fees	\$ 667,582	\$ 851,262
Share-based payments	438,008	1,792,129
<b>Total</b>	<b><u>\$ 1,105,590</u></b>	<b><u>\$ 2,643,391</u></b>

Other related party transactions are as follows:

		<u>(in thousands)</u>	
<u>Type of Service</u>	<u>Nature of Relationship</u>	<u>2023</u>	<u>2022</u>
Selling and marketing expenses	VP Technology/VP Sales International	\$ 182	\$ 152
General and administrative expense	Companies controlled by the CEO, CFO and Directors	\$ 486	\$ 699

### C. Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

### Additional Information

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

74

Exhibit 99.5



## NEWS RELEASE

### **Siyata Mobile Announces 180% Increase in Revenue for Second Quarter 2023**

- *Revenue of \$2.7 million, up 180% year-over-year and 50% sequentially*
- *Company to host conference call at 9 a.m. ET on Tuesday, August 15*

**Vancouver, BC – August 14, 2023 -- Siyata Mobile Inc. (Nasdaq: SYTA, SYTAW)** (“Siyata” or the “Company”), a global vendor of Push-to-Talk over Cellular (PoC) devices and cellular signal booster systems, announced its financial results for the three months ended June 30, 2023.

“Growth continued to accelerate in the second quarter with a 180% year-over-year increase in revenue on strengthening sales of our mission-critical PoC (MCPTT) SD7 solution,” said Marc Seelenfreund, Founder and CEO of Siyata. “Adoption of our critical communications devices is expanding. We have received purchase orders for SD7 handset and its accessories of more than \$5 million since the start of 2023, and our resellers also anticipate an increase in demand. Just as important, the increase in orders reaches beyond emergency services to include education, healthcare, industrial and enterprise use cases among others. Given our performance in the first half of the year and our expanding sales pipeline, we are increasingly optimistic that 2023 will be a strong growth sales year for Siyata.”

#### **Key financial highlights for the three months ended June 30, 2023:**

- Revenues were \$2.7 million compared to \$970,000 for the three months ended June 30, 2022. This increase of \$1.7 million, or 180%, was due mainly to sales of the SD7 in Q2 2023 of \$1.9 million.
- Gross profit of \$804,000, or 29.7% of revenues, compared to \$109,000, or 11.2% of revenues for the three months ended June 30, 2022. The increase in gross profit dollars and margin was mainly due to selling more SD7 Handsets which are at a higher gross margin compared to fewer low gross margin legacy devices last year.
- Net loss was (\$2.3) million as compared to a net loss of (\$4.3) million in the same period in the prior year.
- Adjusted EBITDA was (\$2.0) million compared to (\$3.4) million in the same period in the prior year, an improvement of \$1.4 million. (See reconciliation with IFRS below).

#### **Liquidity and Capital Resources**

As of June 30, 2023, the Company had a cash balance of \$2.0 million and working capital of \$3.7 million compared to \$1.9 million and \$1.6 million, respectively, as of December 31, 2022.

In June 2022, the Company issued 50.0 million common shares at a purchase price of \$0.045 per share in a public offering for gross proceeds of \$2.25 million. Subsequent to June 30, 2023, the Company issued an additional 51.45 million common shares at a purchase price of \$0.045 per share in a registered direct offering for gross proceeds of \$2.3 million. Also subsequent to the end of the second quarter, the Company effected a 1-for-100 reverse stock split.

## **Conference Call Details**

The Company will host a conference call at 9 a.m. ET on Tuesday, August 15, 2023 to discuss its second quarter 2023 financial results. Following management's formal remarks there will be a question-and-answer session.

Date: Tuesday, August 15, 2023

Time: 9 a.m. Eastern Time/6 a.m. Pacific Time

North America dial-in number: +1 (888) 506-0062

International toll-free dial-in number: +1 (973) 528-0011

Access Code: 642415

A replay will be available until August 29, 2023. To access the replay, dial +1 (877) 481-4010 or +1 (919) 882-2331. When prompted, enter Passcode 48862.

The call will also be available over the Internet and accessible at: <https://www.webcaster4.com/Webcast/Page/2988/48862>.

## **About Siyata Mobile**

Siyata Mobile Inc. is a B2B global vendor of next generation Push-To-Talk over Cellular devices and cellular booster systems. Its portfolio of in-vehicle and rugged devices enable first responders and enterprise workers to instantly communicate, over a nationwide cellular network of choice, to increase situational awareness and save lives.

Its portfolio of enterprise grade and consumer cellular booster systems enables first responders and enterprise workers to amplify cellular signal in remote areas, inside structural buildings where signals are weak and within vehicles for the maximum cellular signal strength possible.

Siyata's common shares trade on the Nasdaq under the symbol "SYTA" and its previously issued warrants trade on the Nasdaq under the symbol "SYTAW."

Visit [siyatamobile.com](http://siyatamobile.com) and [unidencellular.com](http://unidencellular.com) to learn more.

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Siyata Mobile Inc.

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## **Forward Looking Statements**

This press release contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 and other Federal securities laws. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements. Because such statements deal with future events and are based on Siyata’s current expectations, they are subject to various risks and uncertainties and actual results, performance or achievements of Siyata could differ materially from those described in or implied by the statements in this press release. The forward-looking statements contained or implied in this press release are subject to other risks and uncertainties, including those discussed under the heading “Risk Factors” in Siyata’s filings with the Securities and Exchange Commission (“SEC”), and in any subsequent filings with the SEC. Except as otherwise required by law, Siyata undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. References and links to websites and social media have been provided as a convenience, and the information contained on such websites or social media is not incorporated by reference into this press release.

-- Tables Follow --

2

**Siyata Mobile Inc.**  
**Unaudited Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in US dollars)

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 2,026,640	\$ 1,913,742
Trade and other receivables	2,455,711	1,574,628
Prepaid expenses	262,481	173,504
Inventory	2,505,957	4,092,550
Advance to suppliers	588,970	155,852
	<u>7,839,759</u>	<u>7,910,276</u>
Long term receivable	142,838	150,185
Right of use assets	770,840	887,137
Equipment	190,706	207,402
Intangible assets	7,633,427	6,987,531
<b>Total assets</b>	<b><u>\$ 16,577,570</u></b>	<b><u>\$ 16,142,531</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank loan	\$ 719,623	\$ -
Accounts payable and accrued liabilities	2,742,429	3,078,650
Deferred revenue	-	149,600
Lease obligations	329,433	303,788
Warrant liability	307,381	2,734,804
	<u>4,098,866</u>	<u>6,266,842</u>
Lease obligation	484,298	635,217
<b>Total liabilities</b>	<b><u>4,583,164</u></b>	<b><u>6,902,059</u></b>
<b>Shareholders' equity</b>		
Share capital	82,706,883	73,312,866
Reserves	14,218,932	13,647,399
Accumulated other comprehensive loss	98,870	98,870
Deficit	<u>(85,030,279)</u>	<u>(77,818,663)</u>

	<u>11,994,406</u>	9,240,472
<b>Total liabilities and shareholders' equity</b>	<b>\$ <u>16,577,570</u></b>	<b>\$ <u>16,142,531</u></b>

3

**Siyata Mobile Inc.**  
**Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in US dollars)**  
**For the three and six months ended June 30**

	<b>6 months ended</b>		<b>3 months ended</b>	
	<b>June 30, 2023</b>		<b>June 30, 2023</b>	
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue	\$ 4,513,354	\$ 1,802,502	\$ 2,710,717	\$ 969,528
Cost of sales	<u>(3,212,347)</u>	<u>(1,438,778)</u>	<u>(1,906,227)</u>	<u>(860,855)</u>
<b>Gross Profit</b>	<b><u>1,301,007</u></b>	<b><u>363,724</u></b>	<b><u>804,490</u></b>	<b><u>108,673</u></b>
<b>EXPENSES</b>				
Amortization and depreciation	855,139	459,924	453,499	335,419
Development expenses	85,450	263,370	31,465	140,054
Selling and marketing	2,041,168	2,208,726	1,037,803	1,163,675
General and administrative	3,095,812	3,510,661	1,703,382	1,851,582
Inventory impairment	-	303,316	-	238,980
Bad debts	10,148	63,285	10,148	70,643
Share-based payments	571,533	1,939,035	260,705	1,126,300
Total operating expenses	<u>6,659,250</u>	<u>8,748,317</u>	<u>3,497,002</u>	<u>4,926,653</u>
<b>Net operating loss</b>	<b><u>(5,358,243)</u></b>	<b><u>(8,384,593)</u></b>	<b><u>(2,692,512)</u></b>	<b><u>(4,817,980)</u></b>
<b>OTHER EXPENSES</b>				
Finance expense	75,349	45,726	41,251	18,739
Foreign exchange	(78,599)	19,168	(78,762)	106,828
Change in fair value of convertible promissory note	-	3,250,848	-	570,391
Change in fair value of opening warrant liability	-	962,350	-	-
Change in fair value of warrant liability	1,856,623	(5,444,935)	(321,384)	(1,209,850)
Transaction costs	-	965,247	-	-
<b>Total other expenses</b>	<b><u>1,853,373</u></b>	<b><u>(201,596)</u></b>	<b><u>(358,895)</u></b>	<b><u>(513,892)</u></b>
<b>Net loss for the year</b>	<b><u>(7,211,616)</u></b>	<b><u>(8,182,997)</u></b>	<b><u>(2,333,617)</u></b>	<b><u>(4,304,088)</u></b>
<b>Other comprehensive income</b>				
Translation adjustment	-	1,518	-	25,986
<b>Comprehensive loss for the year</b>	<b><u>\$ (7,211,616)</u></b>	<b><u>\$ (8,181,479)</u></b>	<b><u>\$ (2,333,617)</u></b>	<b><u>\$ (4,278,102)</u></b>
<b>Weighted average shares (before the 100-1 reverse split)</b>	<b>68,257,292</b>	<b>13,805,757</b>	<b>77,394,214</b>	<b>14,635,152</b>
<b>Basic and diluted loss per share (before the 100-1 reverse split)</b>	<b><u>\$ (0.11)</u></b>	<b><u>\$ (0.59)</u></b>	<b><u>\$ (0.03)</u></b>	<b><u>\$ (0.29)</u></b>
<b>Weighted average shares (after the 100-1 reverse split)</b>	<b>682,573</b>	<b>138,058</b>	<b>773,942</b>	<b>146,352</b>

Basic and diluted loss per share (after the 100-1 reverse split) \$ (10.57) \$ (59.27) \$ (3.02) \$ (29.41)

4

**Siyata Mobile Inc.**  
**Reconciliation to Adjusted EBITDA**  
**(Expressed in US dollars)**  
**For the three months ended June 30, 2023 and 2022**

	<b>6 months ended June 30, 2023</b>		<b>3 months ended June 30, 2023</b>	
	<b>USD 2023</b>	<b>USD 2022</b>	<b>USD 2023</b>	<b>USD 2022</b>
EBITDA				
Net operating loss	(5,358,243)	(8,384,593)	(2,692,512)	(4,817,980)
addback				
Amortization and depreciation	855,139	459,924	453,499	335,419
Share based payments	571,533	1,939,035	260,705	1,126,300
Adjusted EBITDA	<u>(3,931,571)</u>	<u>(5,985,634)</u>	<u>(1,978,308)</u>	<u>(3,356,261)</u>

- END -

5