James Hendrickson
Hello and welcome to the May 19, 2026, VERSES AI webinar. I would like to read our disclaimer.

This presentation contains forward looking information and forward looking statements within the meaning of applicable securities legislation collectively forward looking statements.

Forward looking statements are based on a number of assumptions of management, which are subject to a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the company to be materially different from any future plans. Factors that could affect our actual results include, among others, those that are discussed under the heading Risk Factors in our most recent filed reports with the United States Securities and Exchange Commission, including our annual report on Form 10Ks, our quarterly reports on Form 10-Q and our current reports on Form 8Ks.

A recording and transcription of this call will be available on the company's website at VERSES AI.

With that, I would like to turn the call over to our interim CEO, David T. Scott.

David T. Scott
Alright. Hello, everyone. Thanks for joining our May webinar.

So over the course of today's update, we're gonna focus on three areas. First, we're gonna provide a recent overview of business development.

Second, we're gonna share the current developments on our go to market and commercialization strategies.

And third, we'll address a number of questions related to the company's management and the operations that weren't, that we weren't able to cover fully in previous sessions or questions that have arisen since the previous session.

So, all right, let's get started.

As I mentioned on previous webinars, we believe that we can scale the business through both direct customer engagement and strategic reseller relationships. This month we signed an agreement with Prodigii AI, an enterprise AI infrastructure company focused on decision intelligence and intelligence resource orchestration.

Prodigii has licensed Genius along with our AXIOM models to access our financial service and access to our financial services expertise as a foundational platform for their business.

Their intention is to build customer facing products on top of Genius across a range of industries, including financial services and insurance, cybersecurity, smart manufacturing, healthcare, and energy.

For us, this is an important example of how we can expand the reach of our technology through partners, while still maintaining the disciplined and focused strategy within VERSES.

We have of course continued to execute our strategy of commercializing our technology to companies in the financial services as well.

Over the last month, we've continued to progress through our phase three of our pilot with our lighthouse financial services customer.

We've met with the customer in person last week for a working session, and we're pleased that their feedback continues to indicate satisfaction with the results that we are delivering.

What continues to become clear is that we believe that traditional AI approaches have meaningful limitations in asset management, particularly around uncertainty, adaptability, explainability, and that our approach has the potential to deliver differentiated value in these environments.

Second, Gartner continues to recognize the relevance of our approach to AI, and we recently updated our blog to reflect additional Gartner coverage. Since our last call, VERSES has been referenced twice in Gartner research.

Most recently, we were identified as a sample vendor for adaptive machine learning and Gartner's data science and machine learning research.

And in April, we were recognized as a sample vendor for continual learning and world models in Gartner's research related to Agentic AI.

So now let's take it over to James to talk about how our technology differs from traditional approaches to AI.

James Hendrickson
Thank you, Dave. As we said on our previous webinar, several years ago, we started on an ambitious journey to approach AI from a different perspective from other AI systems. We started with the work of Professor Carl Friston, who developed the theories that best describe how the human brain works. The challenge was to translate this understanding into computer code that could scale to real world problems. Last month, we took you through how AXIOM works. This month, we're going to explain the differences between how VERSES technology works and the main and the mainstream of AI.

And these are, we call them the four areas to unlearn.

And one of the things we realize that that that we've realized as we're talking about our work at VERSES is that there's this really important to unlearn the unusual pattern, the usual patterns of thinking about AI

Many people, especially those that are steeped in the AI space, have a set of assumptions around what they think an artificial intelligence system is. So when we present to people who know existing AI Systems well, we are we have started to go through a list of fundamental differences between the mainstream approach and VERSES, which I will now run through.

The key assumption that we commonly see the key assumptions that we commonly see are that AI is about data and pattern matching, more compute and data equals smarter AI. And sometimes you'll hear that idea as scale is all you need.

That training is the same thing as learning and that intelligence means churning out answers.

So we're going to dive into each one of these.

The first is the idea that that intelligence is primarily about pattern matching.

Mainstream AI systems are very good at identifying patterns in large amounts of data and using those patterns to make predictions. In many cases, the more data they are trained on, the better they perform.

But pattern matching is not the only path to intelligence. These systems learn from what they've already what they've already been written, recorded or encoded in their training data. That means they are limited by the examples they've already seen. As a result, they often have no reliable way to recognize the boundaries of their own knowledge. When they encounter a genuinely new situation, they can fail in unpredicted and unpredictable ways.

Because they do not truly adapt in context, they often need to be retrained before they can handle that new situation effectively.

Second, intelligence doesn't necessarily need more compute and data. The human brain is a great example of this. Somebody who is five times as good as a job doesn't need a brain five times as big. The traditional approach is often stated as scale is all you need. And the bet of the traditional AI industry is that if they make a big enough model with enough information and high enough speed that it will achieve intelligence in the real world. We don't believe that is happening and that instead we are hitting what is often called a scaling wall. Instead, the VERSES way is to learn as the model operates using dramatically less memory and compute.

Third, training is not learning.

Training traditional models is more like memorization than learning. They know specific things baked in as static weights, but they don't have the general skills to deal with the new situations.

Sometimes we look at we like to think of this distinction as book smarts VERSES street smarts. If you were to ask me, I would want the street smart person any day over the book smart person.

Somebody with street smarts is dynamic and can deal with the ever changing world, and our AI models are intended to do just that.

And finally, AI shouldn't be expected to be an answer machine.

Going back to the beginning of computing, we have generally assumed that AI and computers are answer machines. You put information in and you get outputs. You get summaries, you get code, you get decisions.

However, there are many classes of problems without a single solution. For example, is it safe to cross the road? Doesn't have a single answer. It will depend on the context. In the real world, things are messy and complicated, and we have to make decisions based on incomplete information and uncertainty.

Here we have the traditional Gen AI or LLM approach. There have been improvements in making information more dynamic as chatbots morph into answer machines, But the underlying models and approaches don't change.

As the name suggests, these models are based heavily on language for their understanding of the world. This is generally how it works. So training, this is offline and done to done to attempt to provide context and by compressing static weights into something that is usable. And then it's frozen. Once the training is done, the weights are locked and there's no more learning for the model.

Prompting a user calls the model either programmatically or via chat interface, and the alarm predicts the next likely token followed by output because some of these as because some of the uses of this output is is a confident sounding answer. There's no room for uncertainty. And then if you want action, you have to call another agent or model. And then this process repeats until a new model has been updated and released.

If you compare that with how the brain works and how active inference AI works, you see a very different approach. The first thing you notice is that by design, it is a loop. So learning is built into this.

We are saying that the brain does this common loop where it senses, estimates, predicts, chooses and then updates the information based on what it has learned. In comparison to the way that LLM based systems operate, this is a fundamental and sometimes jarring difference that can be very hard to understand initially. LLMs do a great job of predicting words, but if you need to make decisions in uncertainty or with incomplete data or with explainability, as we'll see in the financial space, the LLMs are the wrong tool for this job.

So what you what you now know, and this is six new reframes because there are two extra learnings that happened along the way because these additional two areas aren't really covered by generative AI. So we sort of snuck them in from the first things that you learned. So the first is that AI is about data. So that's the first thing that's the myth or the thing that's wrong.

Intelligence is about minimizing surprise.

Bigger models equals smarter AI And training is learning.

Learning never stops. It continues in a loop.

The next is AI should produce answers. AI should actually select the best next action. Sometimes that's an answer, but often it is just uncertainty minimization.

And now the new ones. So, uncertainty is a bug to hide. So, uncertainty drives the exploration that we all need.

AI and the brains are unrelated is the last new idea here. And the brain has a finite amount of energy available, so fed mostly from the food that we eat. So it relies on really fast mathematical models to understand and operate in the world.

This leads to thinking about intelligence like nature does not as a lookup engine, but as a prediction machine.

So if you are constantly surprised, you won't survive. That's what the free energy principle says.

And we are not just seeing the world, we are shaped by it and we are shaping the world.

And intelligence emerges from minimizing the uncertainty in the world. This is what I think we mean when we talk about humanity and human intelligence, because the VERSES approach is different. It can sometimes be hard to understand amidst the world of LLMs and generative AI. So hopefully this adds clarity to technology, our approach and the markets and customers that will benefit from that.

So with that, let's go back to Dave and see how we are applying this in markets that we believe will benefit from this unique approach to the technology.

David T. Scott
Alright. Thanks, James. I I always love your I always love your technical expectation explanations. They're so understandable given how complicated this technology is. Thank you so much.

So we just discussed how VERSES technology is grounded in real world modeling and decision making under uncertainty. In many ways, this is designed to mirror how humans make decisions with incomplete information, changing conditions, and imperfect signals. So now what I want to do is I want to talk more about the commercial opportunity that we believe this creates.

Today, our commercialization strategy has three primary use cases.

Our first use case is focused on helping large financial services firms make better decisions under uncertainty.

We believe that there is a significant opportunity to quantify what has traditionally been a qualitative assessment, specifically understanding what it takes and what state a market is and how the how it should influence the portfolio strategy.

Our goal is to help decision makers develop greater conviction around risk, positioning, and the dynamic adjustment of trading strategies over time.

More sophisticated firms already have tools to analyze individual portfolios. What they often lack is a better framework for reasoning about uncertainty itself, particularly the trade offs between risk and return and rapidly changing market conditions.

We believe our technology is uniquely suited to address these challenges.

Our second use case leverages the same underlying technology and approach into adjacent markets.

That includes areas such as commodities trading, single equity trading, and other decision intensive environments that share many of the same characteristics as portfolio management, but may offer shorter sales cycles and faster paths to commercialization.

Excuse me.

For our last use case, we are pursuing technologies, technology licensing agreements that allow system integrators, channel partners, and enterprise solution providers to provide products on top of our foundational technology.

Genius is an extremely flexible platform, and we believe that it could be applied to across many

industries that operate environments defined by volatility, uncertainty, and complexity.

Channel partners are an important part of our strategy because we do not intend to directly build products for every possible vertical ourselves.

And in fact, that was what we did earlier, and it did not work.

Instead, these partnerships allow us to scale more efficiently by enabling third parties to develop specialized solutions on top of our platform.

And in that context, our recent agreement with Prodigii AI is an important milestone.

Prodigii is initially focused on areas such as cybersecurity and financial services, which expands our reach into additional high value markets.

We believe this model creates a scalable path for Genius to expand into new industries and new use cases over time. And we view the Prodigii relationship as an important step in that broader strategy.

In many ways, this approach is comparable to ARM Holdings. ARM does not manufacture chips itself.

Instead, it develops the foundational architecture and designs that others use to build products and systems.

Similarly, our goal is to provide the foundational intelligence layer that partners that partners and enterprises can build upon for their own specialized applications.

And third, we will sell technology licensing sell through technology licensing agreements, allowing system integrators and channels to build those types of products.

Alrighty.

So listen. I became interim CEO three months ago at a time when the company was facing liquidity concerns and increasing competition from other players in the space. I made a commitment to focus our efforts on commercializing our technology and developing executable go to market strategies.

These are still difficult times.

VERSES still faces liquidity issues and competition.

I personally want to take this time to thank the tireless efforts of the team.

James, Hari, Don, JC, and our full time employees have not received salaries since March.

But they all continue to push hard every day because they believe in VERSES and what can be accomplished.

And they also believe in the shareholder value that we can create.

I'm pleased to say that because of everyone's hard work and dedication, we are succeeding in our efforts and commitment to commercialize our technology.

I believe that the opportunities from these three legs of our go to market strategy will allow us to expand within our financial services customers and in adjacencies, while partners will allow us to profit from other industry verticals that we do not have the time to pursue today.

Alright. With that, let's answer some Q&A.

James Hendrickson
All right. As always, we welcome your questions and we'll do our best to address as many as possible, subject, of course, to legal, regulatory and customer confidentiality concerns. We have grouped the questions by common themes because we typically receive many questions that overlap. So while you may not hear your exact submission read exactly as you wrote it, you should hear a clear and relevant response addressing the underlying topic.

If additional questions come up during the call that we are not able to get to, we'll make sure we make sure to address those in future updates. And with that, let's move on to the Q&A. So the first question, Dave, what is the route to profitability?

David T. Scott
Good question. So as we said previously, we expect to monetize our technology through a combination of direct customer relationships and channel partnerships. Our lighthouse financial services customer is an example of one of those direct relationships. One that one now that has continued through multiple contracts for, over more than a year. Our recent agreement with Prodigii AI, which will build AI products for cybersecurity and financial services and others using the Genius platform, is an example of our channel partner model.

Importantly, these are high value enterprise relationships. We do not need thousands of customers to build a meaningful business, just a relatively small number of strategic contracts that have significant impact on revenue and move us toward profitability.

At the same time, we're also taking meaningful steps in the recent months to reduce operating costs, which has been reflected in our financial results.

Taken together, we believe that these actions move the company closer to profitability.

That said, for obvious reasons, we cannot be more specific at this time.

However, as developments occur, we will continue to keep you, the investors, updated.

James Hendrickson
Great. Thank you.

Is the next question is, is the revenue from our financial services customer recurring, and is it an exclusive relationship?

David T. Scott
So after we move beyond this pilot phase, we expect that the relationship will translate into a more structure that looks more like recurring revenue.

Importantly, the relationship is nonexclusive, which allows us to continue to pursue other, customers within the financial services and related markets.

To date, we have built the customer under four separate statements of work, which we believe reflects the continued progress that we're making together in developing a commercially viable product and expanding the scope of the engagement over time.

James Hendrickson
Great. This next question is why is it so hard to sign contracts?

David T. Scott
Our challenge isn't signing the contracts. It's doing, so thoughtfully with the right customers and partners.

We're working on, work with a large enterprise, with large enterprises that operate in high stake environments. So their evaluation and procurement processes, naturally, they're gonna take time.

What we're seeing is an increasing validation of both the technology and the commercial opportunity. As our reputation grows and additional channel partners come online, we expect to see the sales process become increasingly scalable and predictable.

It's also important to note here that we spent a lot of time with Gartner and and what the Gartner analysts have told me is that the timeline, that we've been experiencing with our lighthouse customer is right in line with the timelines that they're seeing across AI in general with similar complex applications.

James Hendrickson
Yeah, that's a great point. Now, so the next question takes us into a potentially a new area. Are there any use cases in the healthcare field?

David T. Scott
Yeah. I mean, we believe that the highly flexible technology with potential application has potential applications on many industries over time, including health care. In fact, one of our earliest cases involved insulin monitoring.

That said, we got to stay focused, right? So healthcare is not one of our currently one of our primary commercialization priorities. Our near term focus remains on financial services and adjacent markets where we believe we can commercialize the technology most efficiently.

Healthcare is an area where we believe channel partners could play an important role in developing specialized solutions on top of our platform.

James Hendrickson
Alright. So the next question I'm gonna answer here, when when will the investor deck be updated on your website?

So that was a question that came from the last time we committed to have that done. The investor deck is, as a public company, you're probably aware, needs to go through quite a few approvals. It's in the final approvals now, and we expect it to be updated on the website this week.

When is your next earnings call?

Dave, do you wanna take that or do you want me to?

David T. Scott
Sure. Yeah. I mean, I'll take it. So our next oh, sorry. Go ahead. You take it.

James Hendrickson
No. No. So our our earnings call will be in mid July after we file our annual financials.

And so those are in the process now. Once they are filed, that's when we will do the earnings call to add additional context around those.

All right. I think we've got the last question here. Wouldn't would it now help elevate the company to advertise some clients as many others do?

David T. Scott
So the short answer is we'll be sharing more customer case studies on our website as it's

appropriate to do so. So, you know, there's a there's a point in time when we have the ability to sort of advertise, and discuss some of these case studies. And so when it's appropriate, we'll we'll absolutely do that because it is a very, very strong market validation, and it's an important thing for us to do.

James Hendrickson
Exactly. All right. Let's, go back and, pull up the presentation.

And, Dave, you can sort of take this home with the last phase of this, which is when is the next webinar?

Yeah. So I see a lot of your questions coming through, and I think we've answered quite a few of them through this Q&A, but keep asking them.

We continue to aggregate them and we keep putting them into future webinars. So I just wanna thank you for your time. I wanna thank you for your thoughtful questions.

And we'll we'll definitely if we didn't address what you, what you asked, we'll look, to cover them in future webinars. That being said, our next webinar will be on June 23rd, and we look forward to seeing you then.

Thank you, and goodbye.

Thank you so much for your time.