

**IDG HOLDINGS INC.**  
**FORM 51-102F1**

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") for IDG Holdings Inc. ("IDG" or the "Company"), prepared as of September 20, 2022, for the year ended June 30, 2022 and should be read in conjunction with the audited financial statements of the Company and related notes for the year ended June 30, 2022. The financial statements have been prepared using accounting principles consistent with International Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The reader should be aware that historical results are not necessarily indicative of future performance. The consolidated financial statements together with the following MD&A are intended to provide readers with a reasonable basis for assessing the financial performance of the Company.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters.

**FORWARD LOOKING INFORMATION**

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results, performance or achievements may differ materially from those expressed or implied in such statements. You should not place undue reliance on forward-looking statements as a number of important factors, many of which are beyond our control, could cause actual results, performance or achievements to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors that relate to our company include, but are not limited to: execution of the business plan; expansion

plans; dependence on key personnel; key relationships; dependence on key customers; dependence on key suppliers; competition; market factors and volatility of commodity prices; operating risks; proprietary rights; infrastructure; future capital requirements; technical substitution; exchange rate fluctuations; insurance; weather conditions and natural disasters; control by management; seasonality; dividends; conflicts of interest; global financial conditions; change of law; government sector intervention; foreign investment; repatriation of profit and currency conversion; tax; shareholders' rights and enforcement judgments; protection of intellectual property rights; permits and business licenses; appropriation. Should one or more of these factors materialize or should the Company's estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements.

The Company cannot assure readers that actual results, performance and achievements will be consistent with these forward-looking statements, and the differences may be material. The Company undertakes no obligation to update any forward-looking statements except as required by law.

## **DESCRIPTION OF BUSINESS AND OVERVIEW**

The Company was incorporated under the Business Corporations Act (Alberta). Its business operations, previously conducted through subsidiary companies, were sold with effect from July 1, 2006. The only activities since the sale were collection of amounts owing from that sale and short-term investment of cash resources. The Company is currently in the process of identifying and evaluating corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of regulatory and shareholder approval as applicable.

IDG's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Management believes the Company has sufficient working capital to meet its liabilities for the next twelve months.

The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The financial statements of the Company are presented in Canadian dollars, the functional currency of the Company, unless otherwise noted.

On March 31, 2021, the Company completed a private placement of 5,450,000 common shares at a price of \$0.05 per share for gross proceeds of \$272,500. No finder's fees were paid in connection with the private placement. This financing is a precondition to completion of negotiations for the Company's principal shareholder to sell his control block of shares to a group of investors who intend to reactivate the Company.

In May 2021, the Company reconstituted its board of directors to consist of Peter Born, Mark Ferguson and Richard Ko.

## SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the three most recently completed financial years:

|                                                      | June 30, 2022 | June 30, 2021 | June 30, 2020 |
|------------------------------------------------------|---------------|---------------|---------------|
|                                                      | \$            | \$            | \$            |
| Current assets                                       | 168,197       | 336,303       | 449,889       |
| Total assets                                         | 168,197       | 336,303       | 449,889       |
| Current liabilities                                  | 22,946        | 27,246        | 14,463        |
| Total non-current financial liabilities              | -             | -             | -             |
| Total revenue                                        | -             | -             | -             |
| Net loss                                             | (163,806)     | (389,431)     | (38,375)      |
| Net loss per share, basic and diluted                | 0.01          | 0.04          | 0.00          |
| Weighted average number of common shares outstanding | 13,839,500    | 9,748,267     | 8,389,500     |

The loss in fiscal 2020 results from expenditures made to continue meeting public document filing deadlines, maintaining the Company's legal status and sustaining IDG's exchange listing. The loss in 2021 consists of ongoing costs to maintain the Company's public listing and fees incurred to find a potential project to reactivate the Company. The loss in 2022 results from ongoing regulatory expenses as well as advisory fees related to a proposed merger.

## RESULTS OF OPERATIONS

The following selected financial data is derived from the financial statements of the Company prepared within acceptable limits of materiality and is in accordance with International Financial Reporting Standards.

|                                       | 3 Months ended June 30, 2022 | 3 Months ended Mar 31, 2022 | 3 Months ended Dec 31, 2021 | 3 Months ended Sept 30, 2021 | 3 Months ended June 30, 2021 | 3 Months ended Mar 31, 2021 | 3 Months ended Dec 31, 2020 | 3 Months ended Sept 30, 2020 |
|---------------------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|
|                                       | \$                           | \$                          | \$                          | \$                           | \$                           | \$                          | \$                          | \$                           |
| Total revenue                         | Nil                          | Nil                         | Nil                         | Nil                          | Nil                          | Nil                         | Nil                         | Nil                          |
| Loss for the period                   | (127,477)                    | (11,423)                    | (9,860)                     | (15,046)                     | (86,218)                     | (284,256)                   | (11,473)                    | (7,484)                      |
| Net loss per share, basic and diluted | 0.01                         | 0.00                        | 0.00                        | 0.00                         | 0.01                         | 0.03                        | 0.00                        | 0.00                         |
| Total assets                          | 168,197                      | 279,904                     | 291,080                     | 320,170                      | 336,303                      | 680,585                     | 417,974                     | 442,192                      |
| Total liabilities                     | 22,946                       | 7,177                       | 6,929                       | 26,159                       | 27,246                       | 275,872                     | 1,500                       | 14,250                       |
| Total shareholders' equity            | 145,251                      | 272,727                     | 284,151                     | 294,011                      | 309,057                      | 404,713                     | 416,474                     | 427,942                      |

### ***Three months ended June 30, 2022***

Significant items in the quarter ended June 30, 2022 include:

- Management compensation of \$4,998 (2021 - \$5,998)
- Advisory fees of \$100,800 (2021 - \$52,500)
- Office and insurance of \$1,725 (2021 - \$2,024)
- Professional and regulatory fees of \$19,938 (2021 - \$25,645) related to ongoing regulatory activities

## ***Year ended June 30, 2022***

Significant items in the year ended June 30, 2022 include:

- Management compensation of \$19,992 (2021 - \$14,898)
- Advisory fees of \$100,800 (2021 - \$315,000)
- Office and insurance of \$6,744 (2021 - \$9,161)
- Professional and regulatory fees of \$36,199 (2021 - \$49,911) related to ongoing regulatory activities (2021 – includes legal fees related to private placement offering).

## **LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2022, the Company had cash of \$168,197 and current liabilities of \$22,946 resulting in working capital of \$145,251.

### **Cash Flow**

Cash used in operating activities in the year ended June 30, 2022 amounted to \$167,303 compared to \$377,183 in the year 2021.

The Company conducted no investing activities in either 2022 or 2021.

The Company had no financing activities in the year ended June 30, 2022 but financed its activities for the year ended June 30, 2021 by issuing common shares, which provided cash of \$263,062.

The Company's cash is held in a Schedule 1 Canadian financial institution in highly liquid accounts. No amounts have been or are invested in asset-backed commercial paper.

### **Off-Balance Sheet Transactions**

The Company has no off-balance sheet transactions.

## **RELATED PARTY TRANSACTIONS**

### *Related Party Transactions*

Key management compensation for the years ended June 30, 2022 and 2021 consisted of the following:

- Management fees paid to a company controlled by a director of \$7,992 (2021 - \$1,998) and \$12,000 (2020 - \$3,000) paid to an officer of the Company.
- Management fees paid to former directors in the amount of \$Nil (2021 - \$4,500) and accounting and administrative fees of \$Nil (2021 - \$5,400) paid to an officer of the Company

### *Related Party Balances*

As of June 30, 2022, \$Nil is included in accounts payable and accrued liabilities related to these fees.

## **CAPITAL STOCK**

### **Common Shares**

The Company is authorized to issue an unlimited number of common shares of which 13,839,500 common shares are issued and outstanding as at the date of this MD&A.

On March 31, 2021, the Company completed a private placement of 5,450,000 common shares at a price of \$0.05 per share for gross proceeds of \$272,500. No finder's fees were paid in connection with the private placement.

### **Stock Options**

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. No options are currently outstanding.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

### Critical judgments in applying accounting policies

The preparation of financial statements requires management to make judgments regarding the functional currency of the Company and has determined that the functional currency of the Company is the Canadian dollar.

### Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the financial statements include, but are not limited to, the following:

### *Share-based payments*

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

### *Deferred tax assets and liabilities*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or less deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

## **ACCOUNTING POLICIES**

For a summary of the Company's accounting policies and new accounting standards to be adopted, see Note 3 of the audited financial statements for the year ended June 30, 2022.

## **RISK AND UNCERTAINTIES**

Certain significant risks presently facing the Company are as follows:

### **Financing**

The Company does not currently have any operations generating cash to pay overhead costs for an extended period. The Company is therefore dependent upon debt and equity financing to implement its business plan. There can be no assurance that such financing will be available to the Company. In the future, the Company may require additional funding to continue in operation. The lack of additional financing could result in IDG's inability to implement its business plan.

### **Proposed Transaction**

On May 14, 2021, the Company announced that it will acquire (the "Proposed Transaction") all of the issued and outstanding securities of each of Mister Cannabis GmbH ("Mister Cannabis") and 1290356 B.C. Ltd. ("Management Fundco"). The Proposed Transaction will represent IDG's reactivation as an operating company and first foray into the legal cannabis sector, and therefore result in a change of business under the policies of the Exchange.

The Proposed Transaction will be completed by way of a merger between Mister Cannabis and Management Fundco and constitutes an arm's length transaction in respect of each of the parties. It is not anticipated to result in a "reverse takeover" transaction of the Company. As a condition to the Proposed Transaction, IDG will effect a consolidation of its issued and

outstanding common shares on the basis of 2 new for every 5 old common shares. Prior to the closing of the Proposed Transaction, the Company intends to change its name to “MC Wellness Inc.”, or such other name as may be agreed upon the board of directors.

Comprehensive disclosure on the Proposed Transaction and the business of the Company, Mister Cannabis and Management Fundco has been filed on SEDAR under IDG’s profile.

Regulatory risks include possible delays in getting regulatory approval for transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

## **FINANCIAL INSTRUMENTS**

The Company’s financial instruments consist of cash and cash equivalents and accounts payable.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

### Credit Risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

### Liquidity Risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at June 30, 2022, the Company had a balance in cash and cash equivalents of \$168,197 to settle current liabilities of \$22,946. The Company’s financial liabilities include accounts payable which have contractual maturities of 30 days or are due on demand.

The Company manages liquidity risk through its capital management as outlined in Note 7 to the financial statements.

As at June 30, 2022, the Company has sufficient cash to settle all of its accounts payable and accrued liabilities. At some point, within the next year, the Company will need to raise additional funds through equity or debt to continue with its operations.

## Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices and foreign exchange rates.

### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are exposed to interest rate risk as the Company invests cash and cash equivalents at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents.

### *Currency Risk*

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2022, the Company's expenditures are exclusively in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

## **CAPITAL MANAGEMENT**

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

There have been no changes in the Company's internal control over financial reporting during the year ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## **APPROVAL**

The Board of Directors of IDG Holdings Inc. has approved the disclosure contained in this MD&A as of September 20, 2022.