

MANAGEMENT DISCUSSION AND ANALYSIS – Q2-2023

The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of KDA Group Inc., ("KDA" or the "Corporation"), and the highlights of its unaudited condensed consolidated interim financial situation. It explains the consolidated financial situation and the results of its operations for the six-month period (the "Second quarter" or "Q2-2023") ended January 31st, 2023, and the comparison of the Corporation's consolidated statement of financial position as of October 31st, 2022 (the "First quarter" or "Q1-2023") or as of July 31st, 2022 (the "Previous fiscal year end" or "FY2022").

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Corporation for the fiscal year ended July 31st, 2022, and the related notes thereto.

The unaudited condensed consolidated interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors on March 22, 2023.

The context otherwise required, all references to "KDA", "Corporation", "our", "us", "we" refers to KDA Group Inc. as consolidated with its subsidiaries. Further information about the Corporation, projects, annual and quarterly reports are available for consultation on the website of SEDAR at the following address: www.sedar.com.

LOOKING-FORWARD STATEMENTS

Some statements contained in this MD&A, especially the opinions, the projects, the objectives, the strategies, the estimates, the intent, and the expectations of the Corporation that are not historical data, are forward-looking statements. Such statements can be recognized by the terminology "budget", "forecast", "anticipate", "intends", "consider", "anticipates", "foresee", "believes" and other terms and similar expressions like "may", "could", "would", "might" or "will". The statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events, and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The actual results for the Corporation could differ materially.

Although the Corporation believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Corporation on the date hereof, no assurance can be given as to future results, approvals, or achievements. Forward-looking statements contained in this MD&A and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Corporation disclaims any duty to update any of the forward-looking statements after the date of this MD&A except as otherwise required by applicable law.

REPORTING ENTITY, NATURE OF OPERATIONS AND SCOPE OF ACTIVITIES

The Corporation is domiciled in Canada and incorporated under the Business Corporations Act (Quebec). Its shares are listed for trading on the TSX Venture Stock Exchange under the symbol KDA.

The Corporation started as a provider of pharmacy personnel replacement and vocational training services and then evolved, using an acquisition strategy, to become a leading solution and services provider to pharmacies and pharmaceutical companies in Canada as well as technological platform for the health industry.

Consequently, it is recommended not to rely upon unduly these forward-looking statements. The forward-looking statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Corporation does not intend to update these prospective statements to reflect new information or future events, and it is by no means committed doing so.

Significant subsidiaries – Ownership:

Corporation	Nature of Services	January 31 st , 2023
Agence L.I.V. Inc.	Pharmaceutical Solutions	100%
Alliance Pharma Operations inc.	Pharmacy Services	100%
Elitis Pharma inc.	Pharmacy Services	100%
Logistik Pharma inc.	Pharmacy Services	100%
Campus Elitis Pharma inc.	Pharmacy Services	90%
Groupe Technologique KDA inc.	Pharmaceutical Technology	100%

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with IFRS, the Corporation uses various non-GAAP financial measures, which are not recognized under IFRS, as supplemental indicators of the Corporation's operating performance and financial position. These non-GAAP financial measures are provided to enhance the user's understanding of the Corporation's historical and current financial performance and its prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of the Corporation's core operating results and ongoing operations and provide a more consistent basis for comparison between quarters and years. Details of such non-GAAP financial measures and how they are derived are provided below as well as in conjunction with the discussion of the financial information reported. Since non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-IFRS measures differently, and our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Accordingly, investors are cautioned not to place undue reliance on them and are also urged to read all IFRS accounting disclosures presented in the unaudited condensed consolidated interim financial statements and the accompanying notes for the years ended January 31st, 2023, and 2022.

ADJUSTED EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Adjusted EBITDA referenced herein relates to earnings before interest; taxes; depreciation; amortization; share-based compensation; financing-related costs; acquisition and other related costs, net; and loss from discontinued operations. This measure does not have a comparable IFRS measure and used by the Corporation to evaluate its cash operating income (loss) of the business, adjusted for factors that are unusual in nature or factors that are not indicative of the operating performance of the Corporation. Please refer to section on Adjusted EBITDA for reconciliation.

MANAGEMENT DISCUSSION AND ANALYSIS

Six months period ended January 31st, 2023

HIGHLIGHTS

- On December 16, 2022, KDA Group Inc. has acquired Covapharm Inc. for a consideration of \$200,000 payable by monthly instalments of \$10,000 over a period of twenty (20) months and 1,825,000 Class A shares in the capital stock of the Corporation.
- In Q2-2023 the Corporation had several meetings and discussions with investors, lenders, and governmental institutions to obtain financial support for the commercialization of the products developed by the pharmaceutical technology division.

SELECTED FINANCIAL INFORMATION

Unaudited – Thousands CAD	Three-months ended January 31, 2022	Three-months ended January 31, 2021	Six-months ended January 31, 2022	Six-months ended January 31, 2021
	Q2-2023	Q2-2022	YTD-2023	YTD-2022
Revenues	8,367	6,676	15,119	12,221
Gross margin	2,137	2,010	3,978	3,355
Selling and administrative expenses	1,345	1,498	2,517	3,345
Amortization and depreciation	156	81	311	182
Net finance costs	568	1,343	1,093	3,015
Net income (loss)	(34)	(922)	(73)	(2,901)
Net income (loss) per share, basic and diluted	-	(0.01)	-	(0.02)
EBITDA	795	552	1,476	(9)
Adjusted EBITDA ⁽¹⁾	874	711	1,632	378

⁽¹⁾ Adjusted EBITDA is a non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A.

Unaudited – Thousands CAD	On January 31 st , 2022	On July 31 st , 2022
Cash	1,158	2,737
Working capital	(15,097)	(14,559)
Adjusted Working capital ⁽²⁾	1,366	760
Total assets	28,544	28,667
Total non-current liabilities	6,764	6,429

⁽²⁾ Adjusted Working capital is a non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A. It excludes the reclassification of the promissory notes and preferred shares bearing maturity date of December 31st, 2022, both reclassified under current liabilities in the audited consolidated financial statements. The Corporation is negotiating repayment terms with the shareholder holding this financing.

MANAGEMENT DISCUSSION AND ANALYSIS

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QUARTERLY INFORMATION

Operating results for the six-month period ended January 31st, 2023, are presented in the table below:

Unaudited – Thousands CAD	Q2-2023	Q2-2022	Last 12M	FY 2022
Revenues	15,119	12,221	32,626	28,824
Operating income (loss)	636	461	1,149	(190)
Adjusted EBITDA	1,632	385	3,781	2,533
Net income (loss)	(73)	(2,901)	(54)	(4,562)
Net income (loss) per share	-	(0.02)	(0.01)	(0.03)

For Q2-2023, the cumulative net income amounted to \$0.9K compared to a net loss of \$2.9M in Q2-2022. This is due to a 22% increase of the Revenues combined to a decrease of \$664K in the selling and administrative expenses and of \$1.1M in the net finance costs.

The last 12 months results which included Q3-4 of fiscal year 2022 and Q1-2 of fiscal year 2023 is reflecting the positive impact from the performance of both the pharmacy services and pharmaceutical solutions divisions and expenses reduction achieved by KDA management during the Six-months period ended January 31st, 2023.

OPERATING RESULTS

Operating results for each segment are presented in the table below.

Unaudited Thousands CAD	Pharma Services	Pharma Solutions	Pharma Technology	KDA Management	Total
Revenues Q2					
Three-months ended January 31 st , 2023	4,143	4,223	-	-	8,367
Three-months ended January 31 st , 2022	2,974	3,702	-	-	6,676
Growth	39,2%	14,1%	-	-	25,3%
Revenues YTD					
Six-months ended January 31 st , 2023	8,312	6,714	93	-	15,119
Six-months ended January 31 st , 2022	6,181	6,040	-	-	12,221
Growth	34,4%	11,2%	-	-	23,7%

Both the pharmacy services and pharmaceutical solutions segment generated substantial growth in 2023. The demand for their services has been increasing since 2022 and pricing adjusted due to higher labor costs to either retain or hired new staff.

MANAGEMENT DISCUSSION AND ANALYSIS

Six months period ended January 31st, 2023

OPERATING RESULTS (continued)

Unaudited % Of Revenues	Pharma Services	Pharma Solutions	Pharma Technology	KDA Management	Total
Gross margin Q2					
Three-months ended January 31 st , 2023	23,0%	28,0%	-	-	25,5%
Three-months ended January 31 st , 2022	22,5%	36,0%	-	-	30,0%
Gross margin YTD					
Six-months ended January 31 st , 2023	23,8%	28,4%	-	-	26,3%
Six-months ended January 31 st , 2022	23,1%	31,9%	-	-	27,5%

The gross margin for the pharmaceutical solutions is lower in 2023 than 2022 due to higher labor costs to either retain or hired new staff.

Unaudited Thousands CAD	Pharma Services	Pharma Solutions	Pharma Technology	KDA Management	Total
SG&A Q2					
Three-months ended January 31 st , 2023	254	302	102	687	1,345
Three-months ended January 31 st , 2022	239	248	50	961	1,498
Growth	6,4%	31,0%	103,8%	(28,6%)	(9,8%)
SG&A YTD					
Six-months ended January 31 st , 2023	500	529	169	1,319	2,517
Six-months ended January 31 st , 2022	483	387	68	2,407	3,345
Growth	3,3%	22,0%	149,3%	(45,8%)	(27,0%)

The overall decrease of \$884K in the SG&A is due to reduction in the salaries and professional fees.

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OPERATING RESULTS (continued)

Unaudited Thousands CAD	Pharma Services	Pharma Solutions	Pharma Technology	KDA Management	Total
Operating income (loss) Q2					
Three-months ended January 31 st , 2023	151	477	(125)	133	636
Three-months ended January 31 st , 2022	(51)	690	(57)	(120)	461
2023 (% of revenues)	3,6%	11,3%	-	-	7,6%
2022 (% of revenues)	(1,7%)	18,6%	-	-	6,9%
Operating income (loss) YTD					
Six-months ended January 31 st , 2023	374	653	(106)	229	1,149
Six-months ended January 31 st , 2022	(45)	622	(104)	(633)	(190)
2023 (% of revenues)	4,5%	9,7%	-	-	7,6%
2022 (% of revenues)	(0,7%)	10,3%	-	-	(1,6%)

The revenues increase combined with the cost's reduction provided a cumulative Operating income of \$1,186K for 2023.

Unaudited – Thousands CAD	Pharma Services	Pharma Solutions	Pharma Technology	KDA Management	Total
Adjusted EBITDA Q2					
Three-months ended January 31 st , 2023	700	879	(125)	(580)	874
Three-months ended January 31 st , 2022	424	1,067	(57)	(729)	705
2023 (% of revenues)	16,9%	27,2%	-	-	13,7%
2022 (% of revenues)	14,2%	28,8%	-	-	10,6%
Adjusted EBITDA YTD					
Six-months ended January 31 st , 2023	1,470	1,362	(106)	(1,094)	1,632
Six-months ended January 31 st , 2022	925	1,294	(104)	(1,738)	378
2023 (% of revenues)	17,7%	20,3%	-	-	11,0%
2022 (% of revenues)	15,0%	21,4%	-	-	3,1%

The positive impact from the performance of both the pharmacy services and pharmaceutical solutions divisions and expenses reduction achieved by KDA management is reflected into the Adjusted EBITDA.

MANAGEMENT DISCUSSION AND ANALYSIS

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The EBITDA reconciliation below highlights the impact from the variations of the revenues and expenses:

Unaudited – Thousands CAD	Pharma Services	Pharma Solutions	Pharma Technology	KDA Management	Total
EBITDA Reconciliation					
EBITDA, at end of January 31 st , 2022	925	1,294	(104)	(1,738)	378
+ or - Variations					
Revenues	2,128	674	93	-	2,896
Cost of revenues	(1,581)	(694)	-	-	(2,275)
Gross margin	547	(20)	93	-	621
SG&A	(3)	(87)	(95)	644	633
Net variations	545	67	(2)	644	1,254
EBITDA, at end of January 31 st , 2023	1,470	1,362	(106)	(1,094)	1,632

FINANCIAL POSITION

As of January 31st, 2023, cash on hand totaled \$1.158M (\$2.737M as of July 31st, 2022) and the working capital amounted to a deficit of \$15,7M compared to a deficit of \$14.6M as of July 31st, 2022. The deficit is due reclassification under current liabilities of the loans from a lending institution and Promissory notes with a shareholder since the maturity date is December 31st, 2022 for each. Therefore, \$15,1M was reclassified under current liabilities.

As of January 31st, 2023, total assets of the Corporation amounted to \$28,7M (\$28,7M as of July 31st, 2022).

CASH FLOW

The following table provides the sources of the cash flows (outflows) for the six-month period ended January 31st, 2023, and July 31st, 2022:

Unaudited – Thousands CAD	Q2-2023	FY 2022
Operating activities	19	1,417
Investing activities	(1,297)	(2,681)
Financing activities	(330)	2,284
Net increase (decrease) in cash	(1,579)	1,020

The operating activities consist of the combination of the cash flows or outflows from its ongoing operations. The investing activities consist primarily of the development of new technology products for the healthcare market. Cash flows from financing activities include the repayment of the long-term debt.

LIQUIDITY AND FINANCING

On August 6th, 2021, the Corporation closed a new term debt financing of up to \$7 million with a December 31st, 2022, maturity date (the "Debt Financing") with a private lending institution. The Debt Financing consists in two (2) separate loans of \$3 million each and \$1 million incremental has been pre-approved and can be called by the Corporation with private lending institution's approval subject to a 2% per year standby fee. The interest rate of the Debt Financing is 9.95 % per year. The Debt Financing is secured through general security agreements or hypothecs. It is subject to financial covenants. The Corporation fully repaid the outstanding loan with a Canadian bank and the bank indebtedness.

The Corporation issued 3,000,000 warrants that entitles the private lending institution to purchase one Class A Shares of KDA at an exercise price of \$0.14 per Common Share with an expiration date of August 6, 2023.

The Corporation complies with the terms of the loans and preferred shares. The Corporation remains current in terms of debt repayment.

As indicated in note 1 of the unaudited condensed consolidated interim financial statements for the Six-months period ended January 31st, 2023, the promissory notes, and preferred shares values of \$15.1M were reclassified under current liabilities. The Corporation is presently negotiating repayment terms with the shareholder holding this financing.

Management has undertaken several actions to improve the Corporation financial position and increase liquidity. The negotiation with the shareholder holding the promissory notes and preferred shares is part of it. Other initiatives include obtaining grants and financing to support the commercialization of the pharmaceutical technology products in the North American and Asian market over the next 2 years. Discussions with potential investors interested in the technology developed over the last 2 years are presently ongoing.

Management is also considering ways to leverage its investments into the pharmacy services and pharmaceutical solutions either thru internal growth or by establishing partnership with corporations offering contingent services. Unsolicited letters of intent for each cash generating unit (CGU) received after the 2022 fiscal year end is also consider as possible solutions to improve the financial position.

Improving financial control and cutting off expenses is also underway. Management consider that it could potentially provide savings of \$1M + during fiscal year 2023. Savings of \$690K has already been made during the Six-months period ended January 31st, 2023. Improved management of the cash-flow is taking place thru initiatives such as reducing cash receipts delay or reviewing cash disbursements terms.

RELATED PARTY TRANSACTIONS

The related party transactions are disclosed in note 9 of the unaudited condensed consolidated interim financial statements for the Six-months period ended January 31st, 2023.

CAPITAL STRUCTURE

Disclosure of outstanding securities as of January 31st, 2023:

	Number	Average Price
Outstanding Class A shares	149,965,947	
Options	13,425,000	0.19
Total fully diluted	163,390,947	

Marc Lemieux and Isabelle Bégin, personally and through their companies, own 28,850,000 shares (19.5%). Tenshi Life Sciences Pte Limited and ZoomMed Médical Inc. own 20,000,000 shares each (13.5% each).

CONTINGENCIES

On June 29, 2016, in the purchase agreement of Pharmapar inc. ("PPR"), the Corporation agreed and committed to indemnify the seller for tax litigation up to \$350,000. PPR has been audited by the provincial tax authorities and adjustments are being discussed with the seller of PPR. Also, a claim totaling \$382,879 regarding a service agreement has been issued to PPR by the seller. The outcome of any further action on these matters is currently indeterminable. No adjustments have been reflected in the consolidated financial statements. On September 10th, 2021, the Corporation received a letter of formal notice claiming contractual indemnity from a former officer. As of July 31st, 2022, the formal notice is totalling \$760,000. Management is in discussion to settle this matter, but it believes the maximum liability would amount to approximately \$350,000, which was recorded in the year ended July 31st, 2022 (note 11).

On September 21st, 2022, the Corporation received an Originating Application claiming contractual indemnity from a former officer, totalling \$723,191, and a request for the issuance of 1,000,000 Class A shares. On January 24th, 2022, the Corporation filed an Originating Application against the former officer requesting an amount of approximately \$474,200.

On September 21st, 2022, the Corporation received an Originating Application claiming unpaid balance totalling \$705,677, relating to a share purchase agreement. A balance of \$311,287 is recorded as of July 31st, 2022 (note 12).

BASIS OF PRESENTATION AND GOING CONCERN

The Corporation 2022 audited consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they become due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The audited consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material.

In preparing these audited consolidated financial statements, management exercises judgement when applying the accounting policies as detailed in note 2 of its audited consolidated financial statements. These audited consolidated financial statements of the Corporation for the year ended July 31st, 2022 were approved and authorized by the Board of Directors on November 24th, 2022.

STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as of July 31st, 2022.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

There were no new accounting treatments adopted during the year ended July 31st, 2022.

FINANCIAL INSTRUMENTS

The financial instruments are described in note 23 of the audited consolidated financial statements as of July 31st, 2022.

FINANCIAL RISKS, MANAGEMENT OBJECTIVES AND POLICIES

Financial risks, management objectives and policies are described in note 23 of the consolidated financial statements as of July 31st, 2022.

OTHER RISKS AND UNCERTAINTIES

The business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. Our actual results could differ materially from the results contemplated in this MD&A due to important factors. The foregoing risks and uncertainties are not exhaustive and does not necessarily include all the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements.

Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. If any of the foregoing risks occur, alone or in combination, our business, financial condition, and results of operations, as well as the market price of our common shares, could be materially adversely affected.

Operating Environment – The Corporation is subject to changes in its general operating environment. The Corporation is exposed to the following elements affecting its operating environment: the availability of pharmacists, sufficient qualified personnel to provide specialized training, and the average compensation offered on the market.

General Economic Conditions – Demand for education and specialized training and replacement pharmacists is closely linked to the state of the health industry and overall economy. Consequently, a decline in general economic growth could adversely affect the Corporation's performance.

Interest Rate Fluctuations – Changes in interest rates may result in fluctuations in the Corporation's future cash flows related to interest payment of its long-term debt.

Reliance on Key Personnel – The future success of the Corporation will be based on the quality of its management and key personnel. The loss of key personnel could have a negative effect on the Corporation. In addition, to execute its growth plan, the Corporation must attract and retain highly qualified personnel. Competition for these personnel is intense and there can be no assurances that the Corporation will be able to continue to attract and retain the personnel necessary for the development and operation of the Corporation's business.

Loan Default – The Corporation's current credit facilities and financing agreements impose certain covenant requirements. There is a risk that such loans may go into default if there is a breach in complying with such covenants and obligations which could result in the Corporation being unable to pay dividends to shareholders, and in lenders realizing on their security and causing the Corporation to lose some or all its assets.

Inability to Leverage Technology – The Corporation’s future growth depends, in part, on its ability to leverage its technology to offer new solutions. Development of new solutions is complex and subject to some risks present in the industry. The Corporation may not be able to successfully launch new solutions, and there can be no assurances the Corporation’s development efforts will be successful in competing and launching such solutions. There can be no assurances that the Corporation will successfully develop or commercialize new solutions in a timely manner or at all, or that such solutions will achieve market acceptance. Any failure to design and implement new solutions on a timely basis and at a price acceptable to the Corporation’s target markets may have a material adverse effect on the Corporation’s business, growth, operating results and financial condition.

Credit Facilities – The Corporation’s credit facilities and financing agreement mature on various dates. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favorable terms to the Corporation.

Credit Risks – The Corporation provides services to clients primarily in Canada. The concentration of credit risk to which the Corporation is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. No single customer accounts for more than 10% of the Corporation’s revenues

Availability of Capital – The Corporation’s future growth may be dependent on the Corporation’s ability to fund a portion of its capital expenditures and working capital with the current credit facilities and financing agreement. The Corporation may be required to reduce dividends or sell additional shares to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Corporation for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

Cybersecurity Risks – Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer “hackers”, malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for the Corporation to entirely mitigate these risks. The security measures the Corporation has integrated into its internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Corporation may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach of customer data security were to occur, as a result of third-party action, employee error, malfeasance or others, and the confidentiality, integrity or availability of the customers’ data was disrupted, the Corporation could incur significant liability to its customers and to individuals or business whose information was being stored by its customers, and its products may be perceived as less desirable, which could negatively affect the Corporation’s business and damage its reputation. Security breaches impacting the Corporation’s products could result in a risk of loss or unauthorized disclosure of customers’ information, which, in turn, could lead to litigation and possible liability. In addition, a network or security breach could damage the Corporation’s relationships with its existing customers, resulting in the loss of customers, and have a negative impact on its ability to attract and retain new customers.

These breaches, or any perceived breach, of the Corporation’s network, its customers’ networks, or other networks, whether any such breach is due to a vulnerability in the Corporation’s products, may also undermine confidence in its products and result in damage to its reputation, negative publicity, loss of customers and sales,

increased costs to remedy any problem, and costly litigation. Third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information, or otherwise compromise the security of the Corporation's internal networks, electronic systems and/or physical facilities in order to gain access to its data or its customers' data, which could result in significant legal and financial exposure, loss of confidence in the security of its products, interruptions or malfunctions in its operations, and, ultimately, harm to its future business prospects and revenue. The Corporation may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security. Failure to prevent or mitigate security breaches and improper or unauthorized access to, use or disclosure of our data or customer data, including any personal information and personal health information, could result in the loss or misuse of such data, which could harm our business and reputation.

Litigation – The Corporation may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether meritorious or not, can be time-consuming, divert management's attention and resources and cause the Corporation to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Corporation could, in the future, be subject to judgments or settlements of claims for significant monetary damages. Substantial litigation costs or an adverse result in any litigation may adversely impact the Corporation's business, operating results or financial condition.

Volatile Market Price for Common Shares – The market price for the Common Shares may be highly volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation control, including, but not limited to: (i) actual or anticipated fluctuations in the Corporation's operating results; (ii) changes in the economic performance or market valuations of companies in the industry in which the Corporation operates; (iii) addition or departure of the Corporation's executive officers and other key personnel; (iv) sales or anticipated sales of additional Common Shares; (v) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; (vi) announcements of technological innovations, patents or new commercial products by the Corporation or its competitors; (vii) regulatory changes affecting the Corporation's industry generally and its business and operations; (viii) news reports relating to trends, concerns, technological or competitive developments and other related issues in the Corporation's industry or target markets; and (ix) changes in global financial markets, global economies and general market conditions. The Common Shares have been subject to significant price and volume fluctuations historically and may continue to be subject to significant price and volume fluctuations in the future. Significant market price and volume fluctuations can affect the market prices of equity securities of companies and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that fluctuations in share price and volume will not occur. Further, there can be no assurance that an active and liquid market for the Common Shares will develop, and investors may find it difficult to resell the Common Shares. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Corporation.

Ongoing Costs and Obligations Related to Investment in Development – The Corporation expects to incur significant ongoing costs and obligations related to the development, marketing and commercialization of our technology, which could have a material adverse impact on our results of operations, financial condition and cash flows. The Corporation's efforts to grow our business may be costlier than expected, and the Corporation may not be able to generate sufficient revenue to offset such higher operating expenses. The Corporation may incur significant losses in the future for some reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events.

Costs and Obligations – Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance regarding the reliability of financial reporting and financial statements. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation could harm the Corporation's results of operations or cause the Corporation to fail to meet its reporting obligations and may result in a restatement of its financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Corporation's reported financial and other information, which would likely have a negative effect on the trading price of the Common Shares. Management does not expect that the Corporation's disclosure controls, and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a corporation are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CAPITAL MANAGEMENT

For the purposes of capital management, capital consists of share capital and retained earnings of the Corporation. The Corporation's objectives when managing capital are:

- To ensure proper capital investment to provide stability and competitiveness to its operations.
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions.
- To maintain an appropriate debt level so that there is no financial constraint on the use of capital.
- To maintain investors, creditors, and market confidence.

In managing capital structure, the Corporation manages its capital through regular reports to the board of directors, as well as management review of monthly or quarterly financial information.

The Corporation seeks to maintain a balance between the highest returns that might be possible with higher levels of borrowing and the advantages and security by a sound capital position.

There were no changes in the Corporation's approach to capital management during the year.

OUTLOOK

The Corporation continue to support the pharmaceutical services and solutions divisions. KDA continue to develop and start the commercialization of the electronic adherence platform to create a relation between the patient, doctors, pharmacies, and insurance companies. Regarding our E-Prescribing system, we are discussing with certain countries in Asia, Middle East and with certain groups in North America to implant our platform. KDA is well positioned for the future.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of March 2nd, 2023. Additional information relating to the Corporation can be found on the website www.sedar.com and on our website www.kdagroup.ca.

GENERAL INFORMATION

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STOCK EXCHANGE

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Marc Lemieux
Luc Olivier

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Isabelle Bégin
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