Introduction

This Management Discussion and Analysis ("MD&A") is a review of the operations, current financial position and outlook for ESGAI Technologies Inc. (the "Company"). This discussion should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three and nine months ended December 31, 2024 and the Company's audited financial statements and accompanying notes for the year ended March 31, 2024, available through the SEDAR+ website at www.sedarplus.ca.

The Company prepares its condensed consolidated interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, and its audited year-end financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The Company's functional and reporting currency is the Canadian dollar, unless otherwise stated. This MD&A is dated February 7, 2025.

Description of Business

The Company was incorporated as Chichi Financial Inc. under the *Business Corporations Act* (British Columbia) ("BCBCA") on February 18, 2015. The Company completed its name change to ESGAI Technologies Inc. on June 22, 2020. Following the acquisition of the rights to a Software as a Services ("SaaS") platform, the Company is developing technology to manage social, environmental and governance compliance and reporting requirements. Prior to the acquisition, the principal business of the Company was to identify, evaluate and then acquire an interest in a business or assets. The Company is a reporting issuer in the provinces of British Columbia and Alberta.

The Company's head office is located at 1021 West Hastings Street, 9th Floor, Vancouver, BC V6E 0C3.

Overall Performance

As at December 31, 2024 the Company completed the Production version of its ESG software platform and actively selling its platform. The ESG platform allows users to track and monitor a company's ESG score providing valuable operational and investment insights.

Recent Events

On January 21, 2025, the Company entered into an engagement letter with a U.S.-based investment bank in connection with a potential equity financing on a best-efforts basis.

On January 23, 2025, the Company closed a non-brokered private placement financing of 1,000,000 common shares at a price of £0.25 per common share for gross proceeds of £250,000 ($449,825).

On January 28, 2025, the Company received $301,782 related to the Company's federal and provincial refundable SR&ED claim.

Results of Operations

For the three months ended December 31, 2024, the Company incurred accounting, legal and audit fees of $8,024 (2023 - $72,803), consulting fees of $116,511 (2023 - $361,875), development expense of $62,579 (2023 - $213,254), office and miscellaneous expenses of $20,227 (2023 - $35,361), software licensing expense of $14,525 (2023 - $46,105), marketing expense of $17,731

(2023 - $nil), stock based compensation of $132,559 (2023 - $483,315), transfer agent and filing fees of $1,718 (2023 - $4,090) and an amortization expense of $47 (2023 - $281). The variation was predominantly due to the Company managing cash flow by decreasing development expenses on the ESG platform and reducing consulting and professional fees.

For the nine months ended December 31, 2024, the Company incurred accounting, legal and audit fees of $36,318 (2023 - $98,943), consulting fees of $504,648 (2023 - $772,704), development expense of $67,766 (2023 - $473,775), office and miscellaneous expenses of $87,331 (2023 - $74,615), software licensing expense of $99,291 (2023 - $122,851), marketing expense of $49,714 (2023 - $6,234), stock option expense of $132,559 (2023 - $483,315), transfer agent and filing fees of $8,899 (2023 - $35,087) and an amortization expense of $609 (2023 - $843). The variation was predominantly due to the Company managing cash flow by decreasing development expenses on the ESG platform and reducing consulting and professional fees.
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Summary of Quarterly Financial Results

Results for the most recent quarters including the last quarter ended December 31, 2024, are as follows:

For the Quarterly Periods ended:	December 31, 2024 $	September 30, 2024 $	June 30, 2024 $	March 31, 2024 $
Total revenues	-	-	-	-
Net income (loss) for the period	(976,415)	(21,388)	(583,144)	(531,784)
Basic and diluted earnings (loss) per share	(0.01)	(0.00)	(0.01)	(0.01)

For the Quarterly Periods ended:	December 31, 2023 $	September 30, 2023 $	June 30, 2023 $	March 31, 2023 $
Total revenues	-	-	-	-
Net income (loss) for the period	(1,217,084)	(505,806)	(343,809)	(1,929,796)
Basic and diluted earnings (loss) per share	(0.02)	(0.01)	(0.01)	(0.03)

Related Party Transactions

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company and consist of executive and non-executive members of the Board of Directors and corporate officers. Key management compensation incurred with officers and directors of the Company or to companies controlled by officers and directors of the Company.

During the nine months ended December 31, 2024, total compensation included in consulting fees for officers and directors of the Company amounted to $336,249 (2023 - $486,883). In addition, the Company incurred $132,559 (2023 - $483,315) in stock-based compensation expense related to stock options awarded to related parties. As of December 31, 2024, $166,500 (2023 - $30,513) in accounts payable and accrued liabilities was owing to related parties; the related parties have agreed to defer payment until the Company receives funding from its next financing.

Commitments

At December 31, 2024, and the date of this MD&A, the Company has no commitments.

Liquidity and Capital Resources

As at December 31, 2024, the Company has working capital of $512,116 (March 31, 2024 - $450,181), consisting primarily of cash offset by accounts payable and accrued liabilities.

The Company will need to pursue additional financing during the March 31, 2025 fiscal year in order to carry out its plan of operations associated with the ESG platform.

Outstanding Securities

The following table sets forth information concerning the outstanding securities of the Company:

	February 7, 2025	December 31, 2024	March 31, 2024
Common Shares	72,720,031	71,720,031	70,720,031
Stock Options	12,550,000	12,550,000	11,550,000
Warrants	924,332	924,332	924,332
Fully Diluted Shares	86,194,363	85,194,363	83,194,363

Financial and Other Instruments

The Company classifies its financial instruments as follows:

- Cash and cash in trust are classified as financial assets at fair value through profit or loss; and
- Accounts payable and accrued liabilities is classified as amortized cost.

The carrying values of these financial assets and liabilities approximate their fair values.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash and cash held in trust. The Company is not exposed to significant credit risk, as its cash is placed with a significant Canadian bank.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements At December 31, 2024, the Company has cash of $409,917 available to apply against short-term business requirements and current liabilities of $216,117. All of the liabilities are due within 90 days.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

Management's Report on Internal Control over Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed consolidated interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Venture Issuer Basic Certificate includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

Accounting Standards, Amendments and Interpretations not yet Effective

For details of the Company's future accounting standards, including accounting standards not yet adopted, new accounting standards adopted and accounting standards amended but not yet effective, please refer to note 3 of the Company's audited financial statements for the year ended March 31, 2024.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements as at December 31, 2024, or as of the date of this MD&A.

Risks and Uncertainties

Limited Operating History

The Company is a relatively new company with limited operating history and no history of business operations or revenue generation. The Company was incorporated on February 18, 2015 and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its primary business objectives.

Substantial Capital Requirements and Liquidity

Substantial additional funds to operate the proposed business of the Company will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company will be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all.

Competition

The Company will compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the development and commercialization of its SaaS platform, as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose that interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; and requirements for additional capital. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions; lack of operating history; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; failure of assets to operate as anticipated; and delays in financing, any of which may cause the Company or the Company's industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Additional Disclosure for Venture Issuers without Significant Revenue

Detailed listings of general and administrative expenses are provided in the condensed consolidated interim financial statements of the Company for the three and nine months ended December 31, 2024.

Officers and Directors

Current directors of the Company are as follows:

Nicholas Miller, CEO
Isaac Moss, CFO
Eric Baum
Bruno Baillavoine
Michael Riedl
Marie Holive

Approval

The Board of Directors of ESGAI Technologies Inc. has approved the disclosure contained in this MD&A.

Additional information related to the Company is available on SEDAR+ at www.sedarplus.ca.