MiMedia Holdings Inc.
(Formerly Efficacious Elk Capital Corp.)
(also referred to as "MiMedia", the "Corporation", or the "Company")

Management's Discussion & Analysis

The following management discussion and analysis should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and 2021 prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

All dollar figures included therein and in the following discussion analysis are quoted in U.S. dollars unless otherwise noted.

Date

This management's discussion and analysis ("MD&A") is dated April 28, 2023 and is in respect of the year ended December 31, 2022. The discussion in this management's discussion and analysis focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. This MD&A is prepared in conformity with National Instrument 51-102F1 and has been approved by the Board of Directors.

Disclaimer for Forward-Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" or similar expressions. These statements represent management's best projections, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

Description of the Business

MiMedia Holdings Inc. (the "Company") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on May 22, 2018. The Company's head office is 85 Broad Street, New York, NY 10004 and registered and records office address is 220 – 333 Terminal Avenue, Vancouver, BC V6A 4C1.

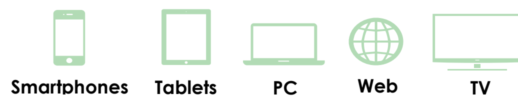
On March 15, 2022, the Company completed a reverse takeover with MiMedia Inc. ("MiMedia Inc."), a corporation incorporated under the provisions of the General Corporation Law of the State of Delaware on August 20, 2010. Pursuant to the reverse takeover, the Company changed its name to "MiMedia Holdings Inc." and began trading on the TSX Venture Exchange under the stock symbol MIM.

Based in New York City, the Company has built a next generation consumer cloud platform that enables consumers to access all their personal content (photos, videos, music, documents, SMS and contacts), on any device or operating system, whenever they want.

The Company's proprietary platform and technology is an answer to today's consumer clouds, which are mainly enterprise-focused, work-file sharing solutions offering utility-like experiences. The Company differentiates with its highly visual interface, rich media experiences, robust content curation tools, private sharing platform for families and deeper promotion of content (re)discovery.

The Company solves important problems for consumers - providing security, organization, ease of use, ubiquitous access and true private sharing of their cherished personal content. The platform enables consumers to access their content on any device by seamlessly integrating seven apps into one, simple-to-use platform – desktop apps for PC & Mac, smartphone apps for iOS & Android, tablet apps for iOS & Android and a web app that works on all browsers.

Seven apps, seamlessly integrated on one platform:



Content consumers care most about:

Device agnostic = any device, anytime: iOS

The Company also solves problems for its distribution partners that serve consumers, namely device manufactures or OEMs, Telcos or Carriers and Electronic Retailers. Leaders in these large market segments struggle with customer retention, low margins, limited digital revenue strategies and heavy market competition from the likes of Google and Apple as well as local, in-market players.

On a turn-key basis, the Company's platform enables these large industry leaders to:

- Highly differentiate vs the market with the Company's consumer cloud solution
- Increase customer retention via the inherently sticky solution of cloud storage
- Immediately deploy and benefit from high-margin, recurring revenue streams, including storage subscriptions, mobile advertising and value-added services, such as photo printing and editing

The Company integrates into these providers in a highly disruptive way, replacing the native or default Android smartphone gallery with its consumer cloud platform such that, every picture and video taken on a MiMedia partner smartphone lives both locally on MiMedia as well as in the MiMedia cloud.

The Company targets geographies including LATAM, SE Asia, Africa, India and the Middle East.

Operational Highlights

During October, November and December 2022, the Company signed global distribution agreements with Orbic North America LLC, PCD LLC and Altan Redes. Pursuant to these agreements, the Company is positioned to integrate its platform directly onto 20 million cross platform devices, including smartphones, tablets and laptops, over the next two years. After entering into these agreements, the Company is now partnered with the top three telcos in Mexico representing over 70% of the market and other partners representing 60% of the overall Latin American market.

The Company also launched in market with Telcel Radiomovil Dipsa S.A. de C.V. during October 2022. The Company had previously announced signing a global distribution agreement with Telcel in its February 28, 2022 reverse takeover filing statement.

Reverse Takeover and Listing Transaction

On March 15, 2022, the Company closed a reverse takeover transaction with MiMedia Inc. Prior to completion of this transaction, MiMedia Inc.'s shares were split on a 1:2.60 basis and the Company's shares were consolidated on a 1:0.52083 basis. The Company also amended the rights and restrictions of its common shares and redesignated these shares as "Subordinate Voting Shares". A new class of "Multiple Voting Shares" was created in the Company's capital as well. Each Multiple Voting Share may be converted into five Subordinate Voting Shares and entitles holders to five votes.

On November 16, 2021, in preparation for the completion of the qualifying transaction, MiMedia Inc. closed a private placement of 16,586,000 units for total proceeds of $4,146,500 CAD at a price per unit of $0.25 CAD. All proceeds and shares from this private placement were held in escrow until completion of the reverse takeover transaction on March 15, 2022. Each unit is comprised of a Subordinate Voting Share of the Company and one-half of a Subordinate Voting Share purchase warrant. Each warrant entitles its holder to acquire one Subordinate Voting Share of the Company at $0.32 CAD for a period of 24 months following the date that the escrow release conditions are satisfied. Pursuant to the private placement, 497,580 units were issued to agents as a corporate finance fee. 1,091,020 broker warrants were also issued as compensation for completion of the private placement. The broker warrants are exercisable at a price of $0.25 CAD for a period of 24 months following the date the escrow release conditions are satisfied.

Concurrent with the closing of the qualifying transaction, the Company also completed a private placement of 4,476,000 units. Each unit is comprised of a Subordinate Voting Share of the Company and one-half of a Subordinate Voting Share purchase warrant. Each warrant entitles its holder to acquire one Subordinate Voting Share of the Company at $0.32 CAD for a period of 24 months following the date that the escrow release conditions are satisfied.

Pursuant to this qualifying transaction, the Company issued: (i) to each holder of MiMedia Inc. shares that acquired their shares pursuant to concurrent transaction private placements, one Subordinate Voting Share of the Company, for an aggregate of 17,083,580 Subordinate Voting Shares; and (ii) to all other holders of shares of MiMedia Inc., one Multiple Voting Share for every five shares of MiMedia Inc. held, for an aggregate of 8,623,178 Multiple Voting Shares. In addition, MiMedia Inc. issued an aggregate of 2,025,316 shares which were each exchanged for one Subordinate Voting Share.

Immediately after the completion of the qualifying transaction, on a non-diluted basis, the former holders of MiMedia Inc. shares and the concurrent private placement shares own approximately 96% of the voting rights of the Company. The pre-existing shareholders of the Company hold approximately 4% of the total voting rights of the Company.

As part of the qualifying transaction, rights to purchase shares continue. On December 5, 2018, the Company granted 610,000 options to directors and officers. These options vested immediately and were exercisable at a price of $0.10 per option for a period of 10 years from the date of the option agreement. Following completion of the qualifying transaction and the consolidation of the Company's issued and outstanding common shares, these options are exercisable to acquire an aggregate of 317,706 Subordinate Voting Shares at an exercise price of $0.19 per share. 15,130 of the exchanged Subordinate Voting Share options have an expiry date of March 15, 2023. 302,576 of the exchanged Subordinate Voting Share options expire on December 5, 2028.

Selected Annual Financial Information

The following table sets out selected annual financial information for the Company, which has been prepared in accordance with IFRS:

Year ended December 31,	2022	2021
Total revenue	$16,606	$19,647
Total operating expenses	$3,071,094	$2,041,374
Net loss for the period	($3,586,430)	($2,021,727)
Basic and diluted loss per share for the period	($0.06)	($0.06)
Weighted average number outstanding	64,421,237	33,351,214

As at	December 31, 2022	December 31, 2021
Cash and cash equivalent	$574,554	$143,854
Current assets	$856,649	$3,491,989
Total assets	$868,939	$3,501,692
Total liabilities	$628,192	$5,149,962
Shareholders' equity (deficiency)	$240,747	($1,648,270)

Results of Operations – Year Ended December 31, 2022

The Company incurred a net loss of $3,586,430 (2021 – $2,021,727). The loss in 2022 was higher in comparison to the 2021 comparative period due to the incurrence of significant professional fees and listing expenses in relation to the Company's qualifying transaction. Salary and employer contributions also increased due to the Company expanding its development and business development teams. Additionally, the Company granted 5,680,000 stock options during the period and recorded $330,324 in stock-based compensation expense.

Revenue

During the year ended December 31, 2022, the Company generated revenue of $16,606 (2021 - $19,647). The Company's revenues did not significantly change in 2022 in comparison to the 2021 comparative period.

Operating Expenses

During the year ended December 31, 2022, the Company incurred operating expenses of $3,071,094 (2021 - $2,041,374). This increase was largely due to higher professional expenses pertaining to the Company's qualifying transaction. Research and development and selling expenses also increased in 2022 in comparison to the 2021 comparative period. Additionally, the Company granted 5,680,000 stock options during the period and recorded $330,324 in share-based compensation expense.

Research and development expenses increased to $768,484 (2021 - $595,302) during the year ended December 31, 2022. This increase was mainly due to greater salary and employer contributions due to the Company expanding its internal development team. The Company also recognized $37,077 in share-based compensation in relation to options granted to employees during 2022.

Selling expenses increased to $435,490 (2021 - $125,219) during the year ended December 31, 2022. This increase was due to new marketing consulting services incurred during 2022 that did not occur during the 2021 comparative period, as well as greater salary and employer contributions due to the Company expanding its business development team. The Company also recognized $37,077 in share-based compensation in relation to options granted to employees during 2022.

General and administrative expenses increased to $1,864,411 (2021 - $1,302,363) during the year ended December 31, 2022. The increase from 2021 to 2022 is primarily due to a rise in legal and other professional fees related to preparing the Company for its qualifying transaction. The Company also recognized $256,170 in share-based compensation in relation to options granted to employees and directors during 2022.

Results of Operations - Three Months Ended December 31, 2022

The Company incurred a net loss of $743,408 (2021 - $682,450). The loss in 2022 was higher in comparison to the 2021 comparative period due to the incurrence of new professional and consulting fees associated with being a public company. Salaries and employer contributions also increased during the three months ended December 31, 2022, in relation to the 2021 comparative period due to the Company expanding its development and business development teams. Additionally, the Company granted 5,680,000 stock options during the period and recorded $220,998 in stock-based compensation expense.

Revenue

During the three months ended December 31, 2022, the Company generated revenue of $4,206 (2021 - $5,084). The Company's revenues did not significantly change in 2022 in comparison to the 2021 comparative period.

Operating Expenses

During the three months ended December 31, 2022, the Company incurred operating expenses of $761,437 (2021 - $687,534). The increase from 2021 to 2022 was largely due to greater research and development, selling, and stock-based compensation expense.

Research and development expenses grew to $237,173 (2021 - $159,627) during the three months ended December 31, 2022. This increase was due to higher salary and employer contributions in comparison to the 2021 comparative period due to the Company expanding its internal development team and granting options to the new employees. The Company also recognized $24,945 in share-based compensation in relation to options granted to employees during 2022.

Selling expenses increased to $171,384 (2021 - $25,817) during the three months ended December 31, 2022. This increase was due to new marketing consulting services incurred during 2022 that did not occur during the 2021 comparative period, as well as greater salary and employer contributions due to the Company expanding its business development team and granting options to the new employees. The Company also recognized $24,945 in share-based compensation in relation to options granted to employees during 2022.

General and administrative expenses decreased to $461,450 (2021 - $501,363) during the three months ended December 31, 2022. The decrease from 2021 to 2022 was primarily due to greater 2021 professional fees incurred in connection with preparing for the Company's qualifying transaction in early 2022.

Summary of Quarterly Results

The following table provides selected quarterly financial data for the eight most recently completed quarters:

	Three months ended							
	December 31, 2022	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
Revenue	$4,206	$3,250	$4,342	$4,808	$5,084	$7,455	$4,394	$2,714
Net income (loss) for the period	($743,408)	($725,239)	($587,755)	($1,530,028)	($682,450)	($367,792)	($430,613)	($540,872)
Basic and diluted loss per share	($0.01)	($0.01)	($0.01)	($0.04)	($0.02)	($0.01)	($0.01)	($0.02)

The Company incurred a net loss of $743,408 during the three months ended December 31, 2022 in comparison to a $682,450 loss during the three months ended December 31, 2021. The loss during the three months ended December 31, 2022 was higher in comparison to the three months ended December 31, 2021 due to the increase in salaries and employer contributions from the Company expanding its development and business development teams. Additionally, the Company granted 5,680,000 stock options during 2022 and recognized share-based compensation expenses in relation to the options during the three months ended December 31, 2022.

The Company incurred a net loss of $725,239 during the three months ended September 30, 2022 in comparison to a $367,792 loss during the three months ended September 30, 2021. The loss incurred in 2022 was largely driven by greater salary and employer contributions for new employees, new marketing consulting services and share-based compensation expense due to stock option grants in the quarter. The Company also incurred higher professional and consulting fees during the three months ended September 30, 2022 due to not being public during the 2021 comparative period.

The Company incurred a net loss of $587,755 during the three months ended June 30, 2022 in comparison to a $430,613 loss during the three months ended June 30, 2021. The loss incurred in 2022 was largely driven by greater salary and employer contributions, as well as new marketing consulting services.

The Company incurred a net loss of $1,530,028 during the three months ended March 31, 2022 in comparison to a $540,872 loss during the three months ended March 31, 2021. The loss incurred in 2022 was largely driven by professional fees and listing expenses pertaining to the Company's qualifying transaction.

Disclosure of Outstanding Share Data

As at December 31, 2022, the authorized capital of the Company consists of an unlimited number of Subordinate Voting Shares and Multiple Voting Shares with no par value.

As at December 31, 2022, the Company had 7,515,550 Multiple Voting Shares, 33,483,429 Subordinate Voting Shares, 301,868 Multiple Voting Share warrants, 11,820,810 Subordinate Voting Share warrants, and 5,997,706 Subordinate Voting Share options outstanding. As at the date of this document, the Company had 7,328,067 Multiple Voting Shares, 34,550,779 Subordinate Voting Shares, 301,868 Multiple Voting Share warrants, 15,589,930 Subordinate Voting Share warrants, and 5,982,576 Subordinate Voting Share options outstanding.

The following share capital transactions were completed during the year ended December 31, 2022:

- In preparing for the closing of the qualifying transaction, MiMedia Inc. enacted a stock split on a 1:2.60 basis. Each outstanding stock option, warrant, and other convertible or exchangeable securities of the Company were split on the same basis, as applicable.
- The Company amended the rights and restrictions of its common shares and redesignated these shares as “Subordinate Voting Shares”. A new class of “Multiple Voting Shares” was created in the Company’s capital as well.
- Pursuant to the qualifying transaction, at the effective time of the merger, the Company acquired all the issued and outstanding shares of MiMedia Inc. through issuing 17,083,580 Subordinate Voting Shares and 8,623,178 Multiple Voting Shares.
- On February 18, 2022, MiMedia Inc. completed a non-brokered private placement of an aggregate of 529,227 units for aggregate gross proceeds of $519,050. Of this amount, $149,050 was received in the previous year. Each unit is comprised of one Multiple Voting Share and one-half of one Multiple Voting Share purchase warrant.. The warrants are exercisable at a price of $1.27 for a period of two years following March 15, 2022. The total fair value of the warrants were determined to be $91,597.
- Prior to the qualifying transaction on March 15, 2022, MiMedia Inc. issued 646,946 Multiple Voting Shares to a director and officer to settle a $300,000 obligation to issue shares.
- Leading up to the completion of the qualifying transaction, MiMedia Inc. issued an aggregate of 30,000 Multiple Voting Shares to two former directors offering advisory services. The Multiple Voting Shares were determined to have a total value of $24,604 based on the price of shares issued pursuant to concurrent financing completed alongside the qualifying transaction.
- Prior to the completion of the qualifying transaction, MiMedia Inc. also issued 81,025 Multiple Voting Shares to settle accounts payable of $79,699. The shares had a total value of $66,450 based on the price of shares issued pursuant to concurrent financing completed alongside the qualifying transaction. The $13,249 difference between the settled accounts payable balance and the share value was accounted for as a gain on settlement of accounts payable.
- In conjunction with the qualifying transaction, the Company completed concurrent private placement financings of 20,962,000 units at a price of $0.25 CAD for gross proceeds of $4,069,933 ($5,240,500 CAD). Finders and agent fees of $423,339 and legal fees of $90,000 were also incurred on the private placement financing. Each unit was comprised of one Subordinate Voting Share and one-half of one warrant. The warrants are exercisable at a price of $0.32 CAD for a period of two years following

the qualifying transaction completion date. The total fair value of the warrants was determined to be $654,909.

- In addition to the 20,962,000 units issued as part of private placements, the Company issued 497,580 units valued as a corporate finance fee in connection with the private placement financing. The units were valued at $97,161 based on the price of shares issued pursuant to concurrent financing completed alongside the qualifying transaction. Each unit was comprised of one Subordinate Voting Share and one-half of one warrant. The warrants are exercisable at a price of $0.32 CAD for a period of two years following the qualifying transaction completion date. The value of the warrants was determined to be $15,546.

- On completion of the qualifying transaction, the Company also issued 281,728 Multiple Voting Shares to settle outstanding loans payable of $554,177. The shares had a total value of $231,051 based on the price of shares issued pursuant to concurrent financing completed alongside the qualifying transaction. The $323,126 difference between the settled loans payable balance and the share value was accounted for as a gain on settlement of loan.

- 18,201 Multiple Voting Shares were reacquired from shareholders and returned to treasury for cancellation. 828 of these Multiple Voting Shares were transferred back to the Company by their respective shareholders for no consideration. 17,373 of these Multiple Voting Shares were returned to treasury and cancelled on the six-month anniversary of the reverse takeover transaction completion date.

- 1,371,155 Multiple Voting Shares were also converted to 6,855,775 Subordinate Voting Shares.

- 34,305 Subordinate Voting Shares were forfeited and returned to treasury for no consideration.

The following share capital transactions were completed during the year ended December 31, 2021:

- The Company issued 5,990,571 Multiple Voting Shares in consideration for $2,757,612 in total proceeds.

- During July 2021, the Company agreed to issue 646,946 Multiple Voting Shares to settle amounts owing totaling $300,000. These shares were issued subsequent to December 31, 2021, and have been presented as shares to be issued within share capital at December 31, 2021.

Liquidity and Capital Resources

Historically and prospectively, the Company's primary source of liquidity and capital resources has been and will continue to be proceeds from the issuance of common shares. Based on our current level of operations and our expected results of operations over the next 12 months, we believe that cash on hand and anticipated future capital raises, will be adequate to meet our anticipated liquidity requirements, capital expenditures and working capital needs for the next 12 months. However, we cannot be certain that our business will be able to raise capital through the issuance of equity to continue operations.

As at December 31, 2022, the Company had a working capital surplus of $228,457 (2021 - $1,657,973 deficit). Working capital improved as of December 31, 2022 due to the Company holding cash of $574,554 and accounts payable and accrued liabilities falling by $696,943. As at December 31, 2022, the Company had cash on hand of $574,554 (2021 - $143,854) to meet accounts payable and accrued liabilities of $627,066 (2021: $1,324,009).

Net cash used in operating activities for the year ended December 31, 2022 was $3,522,457 (2021 - $2,762,808) primarily due to the large net loss incurred by the Company during the year ended December 31, 2022. These losses were caused by the significant professional and listing expenses incurred in relation to the Company's qualifying transaction. The Company also continues to generate net losses and negative cash flows from operating activities due to revenues still being insufficient in size to cover its operating expenses.

The Company had cash inflows of $25,341 (2021 - $Nil) from investing activities during the year ended December 31, 2022, relating to cash assumed on completion of its qualifying transaction, offset by a security deposit of $4,000. No investing activities were completed during the year months ended December 31, 2021.

Net cash from financing activities was $3,926,594 compared to $2,906,662 in the 2021 comparative period. This cash inflow was from proceeds received through the issuance of shares.

The Company does not have any commitments to make capital expenditures in future fiscal periods. The Company is party to certain management contracts. These contracts contain minimum termination commitments of $212,400.

Other Factors Affecting Liquidity

The Company may also raise additional equity or debt capital or enter into arrangements to secure necessary financing to fund the completion of projects, to meet obligations or for the general corporate purposes of the Company. Such arrangements may take the form of loans, strategic agreements, or other agreements. The sale of additional equity could result in additional dilution to the Company's existing shareholders, and financing arrangements may not be available to the Company or may not be available in sufficient amounts or on acceptable terms.

From time to time, the Company may pursue various strategic business opportunities. These opportunities may include proposed development and/or management of investment in or ownership of additional businesses through direct investments, acquisitions, joint venture arrangements and other transactions.

The Company can provide no assurance that it will successfully identify additional opportunities or that, if it identifies and pursue existing opportunities, any of them will be consummated.

Off-Balance Sheet Arrangements

No off-balance sheet arrangements.

Transactions with Related Parties

Related parties and related party transactions impacting the consolidated financial statements not disclosed elsewhere in these consolidated financial statements are summarized below and include transactions with key management personnel of the Company.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Related parties consist of the following individuals:

- Chris Giordano, CEO and director
- Philip Ellard, CFO
- Cole Brodman, Director

- Seth Solomons, Director
- Eastlake Advisory Group, company controlled by Seth Solomons
- John MacPhail, Director
- Jack MacPhail, close family member of John MacPhail
- David Smalley, Director
- David Smalley Law Corp., company controlled by David Smalley
- Gabriela Lupulescu, Vice President of Product
- Joao Allende, Vice President of Business Development

Remuneration attributed to key management personnel is summarized as follows:

		2022		2021
Salaries and employer contributions				
Chris Giordano	$	681,873	$	570,930
Philip Ellard		10,789		-
Gabriela Lupulescu		113,424		-
Joao Allende		164,063		-
Share-based compensation				
Chris Giordano		185,384		-
Cole Brodman		35,393		-
Seth Solomons		35,393		-
Gabriela Lupulescu		37,077		-
Joao Allende		37,077		-
Management fees				
Philip Ellard		3,673		592
Professional fees				
Jack MacPhail		27,000		-
John MacPhail		60,000		-
Eastlake Advisory Group		42,667		-
	$	1,433,813	$	571,522

Other related party transactions

$10,000 in accounts payable and accrued liabilities was owing to John MacPhail at December 31, 2022 (2021 - $32,421). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

$134,478 in loans receivable were receivable from Chris Giordano at December 31, 2022 (2021 - $65,643).

During the year ended December 31, 2022, the Company issued 646,946 Multiple Voting Shares to Chris Giordano to settle $300,000 in accrued payroll expenses.

On close of the qualifying transaction, 2,025,316 Subordinate Voting Shares of the Company were issued to John MacPhail as a finder's fee in connection with the identification and completion of the qualifying transaction. Each of these shares will be exchanged for one Subordinate Voting Share of the Company. The shares were determined to have a total value of $332,201 based on the price of shares issued pursuant to concurrent financing completed alongside the qualifying transaction.

Leading up to the completion of the qualifying transaction, the Company issued an aggregate of 30,000 Multiple Voting Shares to two former directors offering advisory services. The shares were determined to have a total value of $24,604 based on the price of shares issued pursuant to concurrent financing completed alongside the qualifying transaction.

Proposed Transactions

No proposed transactions.

Financial Risks

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 17 of the consolidated financial statements.

Capital Management

The Company includes total debt instruments and equity in its definition of capital. The Company's objectives are to preserve its ability to continue its operation to ensure its sustainability and to provide an adequate return to its shareholders, and to ensure sufficient equity financing in a way that maximizes the shareholders' return given the assumed risks of its activities. The Company may issue new shares following approval by the Board of Directors.

The Company's objectives in terms of capital management have not changed during the year ended December 31, 2022.

On March 15, 2022, the Company closed its qualifying transaction and became listed on the TSX Venture Exchange and is now subject to various TSXV listing requirements. The Company is not subject to any other external capital requirements as at December 31, 2022.

Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The significant accounting estimates and judgments are set out in Note 3 to the consolidated financial statements.

Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 4 to the consolidated financial statements.

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

New IFRS pronouncements that have been issued but are not yet effective at the date of this MD&A are listed in Note 3 to the consolidated financial statements for the years ended December 31, 2022 and 2021.

Subsequent Events

Subsequent to December 31, 2022, 187,454 Multiple Voting Shares were converted to 937,270 Subordinate Voting Shares. The Company also reacquired 29 Multiple Voting Shares for no consideration.

On January 31, 2023, 30,080 Subordinate Voting Share warrants were exercised for total proceeds of $9,626. 30,080 shares were issued in connection with this exercise. On February 21, 2023, an additional 100,000 Subordinate Voting Share warrants were exercised for proceeds of $32,000. 100,000 shares were issued pursuant to this exercise.

On March 14, 2023, the Company closed a $2,485,925 ($3,400,000 CAD) private placement offering of 3,400 convertible debenture units. Each unit consists of one $731 ($1,000 CAD) unsecured convertible debenture of the Company and 1,000 Subordinate Voting Share purchase warrants. The convertible debentures mature on March 14, 2026, and bears interest at a rate of 10% per annum, payable in cash or Subordinate Voting Shares, on a semi-annual basis. The outstanding principal amount of each convertible debenture is convertible at the option of the holder at any time prior to maturity at a conversion price of $0.50 CAD per Subordinate Voting Share. Each warrant is exercisable to acquire one Subordinate Voting Share at an exercise price of $0.65 CAD until March 14, 2025.

In connection with the closing of the convertible debenture private placement, the Company paid agents a cash commission of $106,566 ($145,750 CAD), 291,500 non-transferrable broker warrants, a cash advisory fee of $15,098 ($20,650 CAD), and 41,300 non-transferrable advisory fee warrants. Each broker and advisory warrant is exercisable to acquire one compensation unit, consisting of one Subordinate Voting Share and one-half of one warrant, at an exercise price of $0.50 CAD until March 14, 2025. Each compensation unit warrant is exercisable to purchase one Subordinate Voting Share at an exercise price of $0.65 CAD until March 14, 2025.

On March 15, 2023, 15,130 options expired unexercised.

Additional Disclosure for Issuers Without Significant Revenue

During the year ended December 31, 2022, the Company incurred the following research and development expenses pursuant to the development of its technology platform:

		2022		2021
Salaries and employer contributions	$	178,164	$	55,337
Share-based compensation		37,077		-
Subcontracts		393,778		414,875
Services		159,465		125,090
Total research and development	$	768,484	$	595,302

The Company plans to finance its research and development activities through raising additional equity or debt capital financing. Through continued improvements to its cloud platform, the Company expects to increase revenues. These revenues will be used to eventually fund anticipated operating expenses.

The Company expects to incur approximately $652,000 in research and development costs over the next 12 months in conjunction with developing and improving its cloud platform. These costs relate to salary, employer contributions and contracted services.

Use of Proceeds Disclosure

Issuers that have raised funds from financing are required to disclose how financing was spent in relation to original expenditure plans. The following table provides this information for each of the Company's expenditure categories as disclosed in its February 28, 2022 filing statement:

	As at December 31, 2022	**Expected**
Business development	$295,000	$380,000
Research and development	$470,000	$510,000
Network operations	$194,000	$330,000
Team build-out	$13,000	$390,000
General and administrative expenses	$1,560,000	$1,075,000
Merger expenses	$524,000	$500,000
Total use of proceeds	$3,056,000	$3,185,000

Business development expenses were $85,000 lower than initially expected. The lower expenditures were due to the Company having only expanded its internal business development team from April 2022 onwards. External business development consultants were retained from May 2022 onward. The Company also opted to retain the services of fewer consultants than initially projected. Business development expenditures are expected to increase as existing employees and consultants continue providing services to the Company.

Research and development expenses were $40,000 lower than initially expected. The lower expenditures were due to the Company only expanding its internal development team in April 2022. Research and development expenditures are expected to increase as existing employees and consultants continue providing services to the Company.

Network operations expenses were $136,000 lower than initially expected. The lower expenditures were due to the Company focusing on business development and landing new contracts prior to building out its network operations team. Network operation expenditures are expected to increase as the Company continues to support its existing platform systems.

Sales and finance team build-out expenses were $377,000 lower than initially expected. The lower expenditures were due to the Company focusing on business development and expanding revenue streams prior to building out its internal management and sales team.

General and administration team expenses were $485,000 higher than initially expected. The higher expenditures were due to more salary and employer contribution expenses being incurred than initially expected. This increase in expenses was also driven by higher than expected consultant and professional expenses pertaining to going and staying public and managing investor relations.

Management's Responsibility for Financial Statements

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the year ended December 31, 2022.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are 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. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.