(Formerly Aphelion Capital Corp.)

Management's Discussion and Analysis

For the Fourth quarter and Year Ended December 31, 2021 and 2020

INTRODUCTION

The following Management's Discussion and Analysis (this "MD&A") has been prepared as of April 28, 2022, in accordance with Form 51-102F1 and should be read in conjunction with the Company's Condensed Consolidated Interim Financial Statements and accompanying notes for the three and year ended December 31, 2021 and 2020. These documents, along with additional information about Edge Technologies Inc. including the Filing Statement dated November 12, 2021 (the "Filing Statement"), filed in connection with the "Qualifying Transaction" of Edge Total Intelligence Inc. (formerly, Aphelion Capital Corporation) ("edgeTI") (the "Company") are available under edgeTI's profile on SEDAR at www.sedar.com.

The words "we", "our", "us", "Company" and "edgeTI" refer to Edge Total Intelligence Inc. together with its subsidiaries and/or the management and employees of the Company (as the context may require).

The Company's fiscal year ends on December 31 of each year. All dollar figures are stated in United States dollars unless otherwise indicated.

Forward looking statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's objectives and the strategies to achieve these objectives, as well as information with respect to the Company's beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to: systems engineering operations; research and development operations; marketing and sales operations; business consulting operations; projections regarding the sales of subscriptions; statements with respect to the Company's growth of its subscription software license business; business strategy; future planning processes; statements with respect to the Company's future financial position including operating efficiencies, cash flow, capital budgets, costs and expenditures; and the risk factors that are discussed in greater detail under "Financial Instrument and Risk Management" and under the heading "Risk Factors" in the Filing Statement. Although the forward-looking information contained herein is based upon what the Company believes are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Company's business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and the Company does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Business Overview

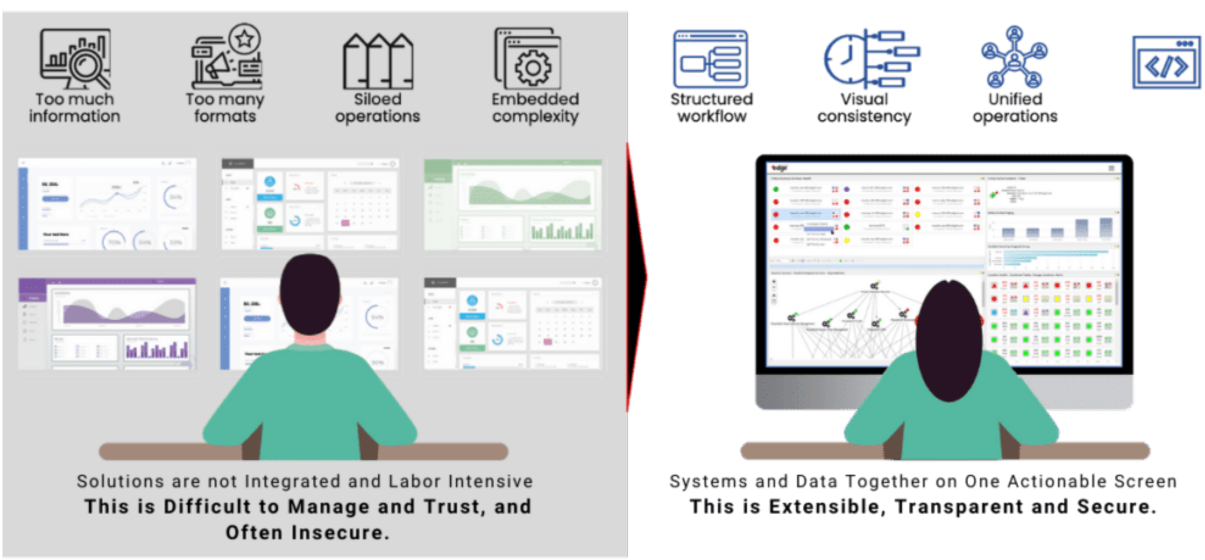
Our Core Business Purpose

edgeTI solves real world problems by extracting and aggregating operational and management data from disconnected systems, while providing automated workflow "pipelines" to orchestrate specific tasks across various business and IT systems. Progress, status, and results are presented in the context of the user's role and assignment (C-level to System Admin to Customer Support), allowing the same data to be used for different perspectives and ensuring everyone is working in sync. Through the combination of data aggregation, task automation, and user visualization, both everyday scheduled and ad-hoc work becomes more observable, scalable, accurate and efficient.

Objectives and Strategy

Our goal is to be leaders in digital transformation in financial, healthcare, technology, managed services, and government organizations by providing real-time access to data in a transparent, measurable, executable, and explainable way. We transform data that is fragmented, complex and difficult to manage into one actionable screen using structured workflows, unified operations, and visual consistency. We achieve this transformation using the multiple systems our customers already have in place, eliminating the need for additional databases or data pathways that can be subject to increased cybersecurity risk.

Our sales strategy is focused primarily through our strategic sales partners and, to a lesser extent, direct sales. Our revenue model consists of SaaS annual subscription fees, user licences, implementation services for our software product customization, and advisory services. We licence our software on a subscription basis and grow our revenue through the addition of new customers, increasing the number of users that an existing customer has and through the addition of new modules that expand our platform.



Going Concern and Financial Outlook

Our financial statements for the year ended December 31, 2021 and 2020 disclose a 'going concern' qualification to our ability to continue in business. Our financial statements have been prepared based on accounting policies applicable to a going concern, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended December 31, 2021, the Company incurred negative cash flows from operating activities of $1,236,920 (December 31, 2020 – negative cash flows from operating activities $1,273,058). As of December 31, 2021, the Company has an accumulated deficit of $22,823,447 (December 31, 2020 – $12,516,002) and an excess of current liabilities over current assets of $1,603,713 (December 31, 2020 – $955,328). In order to continue as a going concern, the Company must continue generating sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments.

The future of the Company is dependent on its ability to attain profitable operations, generate sufficient funds from operations, continue receiving financial support from its shareholders, and obtain new financing. There is no certainty that the Company will raise these necessary funds from financing or operations.

edgeTI intends to increase revenues by expanding its client base through both direct sales to customers as well as through its existing and expanding strategic reseller arrangements. In order for the Company to increase its revenues, it needs to obtain sufficient capital and attain operational profitability. edgeTI expects that being a public entity will better enable the Company to achieve these goals. It expects the costs incurred to become a publicly listed company and ongoing costs associated with being a public company will negatively impact its short-term profitability, but are considered an investment towards the long-term growth of the Company.

Covid-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economics, and financial markets globally leading to an economic downturn. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on worldwide vaccine rollout and effectiveness of the vaccines. Governments and central banks have reacted with significant monetary interventions designed to stabilize economic conditions. To date, the Company has received proceeds of $1,076,200 from the United States ("US") Government's Paycheck Protection Program and temporary modified repayment and terms from Salem Investment Partners IV, Limited Partnership (the "Lender") to help the Company stabilize operations through the crisis. Certain customers of the Company have suspended, scaled back or delayed their operations for precautionary purposes which may adversely affect the price and demand for the Company's services. Conversely, the Company has also experienced an increase demand for its services as certain customers have expanded their use and dependence on the Company's products and services as a result of the work from home measures. Travel restrictions within the US and the continued international quarantine requirements has caused a slowdown of business activity that could result in a delay or material reduction in future revenue and cash flows. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Company, or the ability of the operators of the companies in which edgeTI will hold interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on the Company.

OVERALL PERFORMANCE HIGHLIGHTS

During the fourth quarter ended December 31, 2021 the Company achieved the following overall performance highlights:

- Achieved an adjusted EBITDA of $22,246.
- Completed reverse acquisition, private placement and listing on the TSXV under the symbol CTRL.
- Achieved 100% transition to SaaS like subscription based recurring revenue model.
- Grew exit Q4 2021 monthly recurring revenue (MRR) by 3% from Q3 2021.

During the year ended December 31, 2021 the Company achieved the following overall performance highlights:

- Grew subscription software licences 59% year over year.
- Achieved 100% transition to SaaS, subscription based recurring revenue model.
- Completed reverse acquisition, private placement and listing on the TSXV under the symbol CTRL.

The following table and explanations below summarize the results and explain variances for the fourth quarter and year ended December 31, 2021 compared to the fourth quarter and year ended December 31, 2020.

Selected Quarterly and Annual Information	Q4, 2021	Q4, 2020	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenue	$ 890,213	$ 1,335,533	$ 4,087,791	$ 6,116,092
Cost of revenue	376,178	314,785	1,412,225	1,328,304
Gross profit	514,035	1,020,748	2,675,566	4,787,788
Gross margin %	58%	76%	65%	78%
Selling and marketing expenses	364,273	213,970	1,471,346	1,399,647
Administrative expenses	500,110	464,648	2,119,984	1,701,108
Research and development expenses	280,483	418,315	1,128,388	990,324
Impairment	2,349,000	-	2,349,000	-
Other (income) expenses	(106,518)	(229,734)	(57,931)	166,085
	3,387,348	867,199	7,010,787	4,257,164
Operating income (loss)	(2,873,313)	153,549	(4,335,221)	530,624
Reverse acquisition expenses	5,198,395	-	5,198,395	-
Interest	273,696	273,273	1,033,252	976,129
Change in fair value of warrant liability	48,122	(2,384,548)	48,122	(2,384,548)
Foreign exchange loss	52,061	1,903	52,061	1,903
Loss before income taxes	(8,445,587)	2,262,921	(10,667,051)	1,937,140
Income tax expense	2,356	752	2,356	752
Net (loss) income	(8,447,943)	2,262,169	(10,669,407)	1,936,388
Net (loss) Income per share - basic	$ (0.95)	$ 0.28	$ (1.30)	$ 0.24
Net (loss) Income per share - diluted	$ (0.95)	$ 0.06	$ (1.30)	$ 0.05
Share capital - issued and outstanding SVS	16,919,644	8,004,000	16,919,644	8,004,000
Share capital - issued and outstanding MVS	26,600	-	26,600	-

	As at December 31, 2021	2020	Change	% Change
Total assets	$ 9,985,779	$ 10,424,740	$ (438,961)	-4%
Total non-current liabilities	$ 7,498,466	$ 8,599,168	$ (1,100,702)	-13%

	Year ended December 31, 2021	2020	Change	% Change
Cash flow used in operating activities	$ (1,236,920)	$ (1,273,058)	$ 36,138	-3%
Cash flows from financing activities	$ 5,795,572	$ 2,580,788	$ 3,214,784	125%
Cash used in investing activities	$ (876,240)	$ (1,202,422)	$ 326,182	-27%

Non-IFRS Measures	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021
Monthly Recurring Revenue (MRR)	$ 305,653	$ 297,757	$ 252,601	$ 261,945

	Q4 2021	Q4 2020	Year ended December 31, 2021	Year ended December 31, 2020
Adjusted EBITDA	$ 22,244	$ 133,757	$ (132,951)	1,632,595

	Q4 2021	Q4 2020	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash used in operating activities	(1,349,302)	(665,614)	(1,236,920)	$ (1,273,058)
Add (deduct) changes in non cash working capital	(292,810)	1,462,427	(1,986,901)	2,164,472
Cash (used in) from operating activities excluding changes in non cash working capital	(1,642,112)	796,813	(3,223,821)	891,414

RESULTS OF OPERATIONS

Revenues

	Q4		Year ended December 31,		Q4		YTD	
	2021	2020	2021	2020	Change	% Change	Change	% Change
Subscription software licenses	$ 522,896	$ 522,945	$ 2,267,257	$ 1,424,029	$ (49)	0%	$ 843,228	59%
Maintenance and support	367,317	480,373	1,314,717	2,406,586	(113,056)	-24%	(1,091,869)	-45%
Professional consulting services	-	332,215	505,817	945,065	(332,215)	-100%	(439,248)	-46%
Perpetual software licenses	-	-	-	1,340,412	-	-100%	(1,340,412)	-100%
Total revenue	$ 890,213	$ 1,335,533	$ 4,087,791	$ 6,116,092	$ (445,320)	-33%	$ (2,028,301)	-33%

The decrease of $445,319 in revenues from Q4 2020 to Q4 2021 is primarily due to the reduction in professional consulting services. In Q4 2021 there were no professional consulting services performed by the company compared to the same period in 2020 when the company had several professional consulting projects associated with new customer subscription arrangements. Subscription software licenses remained relatively unchanged quarter over quarter and customer non-renewals were offset by new customer additions and conversions of perpetual software licences to subscription software licenses. The reduction in maintenance and support revenue is a result of the transition to subscription software licences from perpetual software licences. Maintenance and support services are primarily upgrades on existing perpetual licences and as those customers are converted to subscription based licences maintenance and support services are expected to decline.

For the year ended December 31, 2021 revenue decreased $2,028,302 or 33% due to increases in new subscription customers and conversion of perpetual software licenses to subscription software licenses of $843,228 being more than offset primarily by the reduction in perpetual software licences and maintenance and support services provided to those licences. Additionally, during the year ended December 31, 2021, there was a reduction in professional consulting services of $439,248 compared to the same period in 2020 primarily as a result of four software integration projects associated with existing customers.

Cost of revenue and gross margin %

	Q4	Q4	Year ended December 31,		Q4		YTD	
	2021	2020	2021	2020	Change	% Change	Change	% Change
Revenue	$ 890,213	$ 1,335,533	$ 4,087,791	$ 6,116,092	$ (445,320)	-33%	$ (2,028,301)	-33%
Cost of revenue	376,178	314,785	1,412,225	1,328,304	$ 61,393	20%	83,921	6%
Gross profit	514,035	1,020,748	2,675,566	4,787,788	(506,713)	-50%	(2,112,222)	-44%
Gross margin %	58%	76%	65%	78%	-19%	-24%	-13%	-16%

Cost of revenue is comprised of salaries and other personnel related costs, direct subcontractor, and other costs associated with delivering software licences, maintenance, and support services, as well as professional consulting services. Cost of revenue also includes the amortization of software development costs.

Cost of revenue for the fourth quarter and year ended December 31, 2021 was $376,178 and $1,412,225 with gross margin of 58% and 65% compared to cost of revenue of $314,785 and $1,328,304 and gross margin of 76% and 78% for the same periods in 2020.

The increase of $61,393 quarter over quarter is primarily the result of approximately $44,000 in one time development costs being incurred in the period on a project that was determined no longer feasible. The remaining overall increase is due to increased software amortization costs of approximately $7,000 due to overall increased in software development costs being capitalized and increased direct personnel costs net of a reduction of subcontractor costs $8,000. Gross margin for the fourth quarter ended decrease from 76% during to 58% during the as a result of reductions in revenue discussed earlier in this MD&A and the one time increase in cost of revenue incurred in the period with no comparable in the prior period.

The increase of $83,921 year over year is primarily the result of approximately $100,000 increased software amortization costs due to edgeCore 4.0 being in use and amortized in 2021 and approximately $44,000 one time software development costs being incurred on a project that was determined no longer feasible and expensed through cost of revenue. This combined increase was offset by a reduction in subcontractor and direct labour costs of approximately $62,000. Gross margin for the year ended decrease from 78% to 65% during the ended December 31, 2021 as a result of reductions in revenue discussed earlier in this MD&A and increases in cost of sales primarily a result of increased amortization of software development costs.

Selling and marketing expenses

	Q4		Year ended December 31,		Q4		YTD	
	2021	2020	2021	2020	Change	% Change	Change	% Change
Selling and marketing expenses	$ 364,273	$ 213,970	$ 1,471,346	$ 1,399,647	$ 150,303	70%	$ 71,699	5%
As a percentage of revenue	41%	16%	36%	23%	25%	155%	13%	57%

The increase of $150,304 in sales and marketing expense quarter over quarter is primarily due to a one time reduction in sales commissions of approximately $170,000 that were reversed during the fourth quarter ended December 31, 2020 as a result of the settlement between the Company and a customer over a sales dispute. The remaining year over year increase in sales and marketing expenses primarily is due to increase in travel in 2021 as covid restrictions started to be removed.

Year over year sales and marketing and sales increased $71,697 primarily as a result of increased expenses associated with sales and marketing consultants of approximately $61,000 and an increase in advertising expenses of approximately $13,000. A reduction in recruitment expenses in 2021 of approximately $26,000 were largely offset by an increase in commissions of approximately $11,000 and an increase in sales wages of $13,000.

Administrative expenses

	Q4		Year ended December 31,		Q4		YTD	
	2021	2020	2021	2020	Change	% Change	Change	% Change
Administrative expenses	$ 500,110	$ 464,648	$ 2,119,984	$ 1,701,108	$ 35,462	8%	$ 418,876	25%
As a percentage of revenue	56%	35%	52%	28%	21%	61%	24%	86%

The $35,461 increase in administrative expenses for the fourth quarter ended December 31, 2021 compared to the fourth quarter ended December 31, 2020 is primarily result of an increase in executive administration travel and meals incurred of approximately $31,000 resulting from Covid 19 restrictions being lifted in 2021. Administrative travel is primarily associated with travel to the Company's Serbian subsidiary.

The $418,876 increase in administrative expenses for the year ended December 31, 2021 over the same period in 2020 is primarily a result of increase in audit and quarterly review fees of approximately $214,000 , and increase in consulting primarily relating to accounting professionals of approximately $87,000, an increase in health and insurance benefits of approximately $88,000, increases in dues and software subscriptions of approximately $50,000 an increase in insurance of $11,000 which was offset by reduction in office computer expenses of $11,000 and a reduction in workers compensation expenses of $23,000.

Research and development expenses

	Q4		Year ended December 31,		Q4		YTD	
	2021	2020	2021	2020	Change	% Change	Change	% Change
Research and development costs	$ 280,483	$ 418,315	$ 1,128,388	$ 990,324	$ (137,832)	-33%	$ 138,064	14%
As a percentage of revenue	32%	31%	28%	16%	0%	1%	11%	70%

The $137,832 decrease of research and development costs incurred during the fourth quarter ended December 31, 2021 compared to 2020 is primarily related to reductions in bonuses paid to engineering staff in 2020 in the period of approximately $42,000 and reductions in staff of approximately $62,000.

The increase of $138,064 in research and development costs incurred during the year ended December 31, 2021 compared to 2020 was primarily related to overall increase in Serbian development staff of $191,000 partially offset by reductions in wages and bonuses incurred in 2021 in US based staff.

Other (income) expense

	Q4		Year ended December 31,		Q4		YTD	
	2021	2020	2021	2020	Change	% Change	Change	% Change
Other (income) expense	$ (106,518)	$ (229,734)	$ (57,931)	$ 166,085	$ 123,216	-54%	$ (224,016)	-135%
As a percentage of revenue	-12%	-17%	-1%	3%	5%	-30%	-4%	-152%

Other income decreased $123,216 from $229,734 during the fourth quarter ended December 31, 2020 compared to $106,518 during the same period in 2021. The decrease is primarily a result of $538,100 United States federal PPP loan that was forgiven and recorded as other income, which was partially offset by an increase in a provision for an expected credit loss of $185,000 recognized during the fourth quarter ended December 31, 2021.

Other income increased $224,016 from other expense of $166,085 for the year ended December 31, 2020 to other income of $57,931 for the year ended December 31, 2020. The change is primarily composed of other income of $1,076,200 related to the United States federal PPP loan that was forgiven and recorded as other income during the year ended December 31, 2021. This other income year over year change was partially offset by a change in credit loss provision of approximately $670,000. During the year ended December 31, 2021 the Company recorded a provision to credit loss on a single customer of $369,900 compared to a recovery of credit loss previously made of $302,701 due to a settlement of dispute with a customer reached during the year ended December 31, 2020.

Interest expense

Interest expense for the fourth quarter ended December 31, 2021 was $314,982 compared to $273,273 for the same period in 2020. The increase of $41,709 is primarily related to interest associated with the interest on the Company's convertible debentures totalling $1,450,000 that were outstanding during the period ended December 31, 2021 with no comparable in the same period in 2020.

Interest expense for the year ended December 31, 2021 was $1,074,538 compared to $976,129 for the same period in 2020. The increase is a result of the increased interest expense associated with the $1,450,000 of convertible debentures outstanding during the year offset by a reduction in interest on the reduced balance of the Company's secured debt outstanding.

Impairment

The Company has determined it has one cost generating unit (CGU) and performs a goodwill impairment test annually on December 31 to determine if the CGU is impaired. To determine if the CGU is impaired the Company compares the carrying value of all assets associated with the CGU to the recoverable amount of the CGU. The recoverable amount of the CGU was determined using the fair value in use as the present value of future cash flows discounted at the Company's weighted average cost of capital. When completing the Company's annual goodwill impairment test, it was found that the carrying amount of intangible assets exceeded the recoverable amount by $2,349,000.

Total assets

Total assets as of December 31, 2021 were $9,985,774 compared to $10,424,740 as of December 31, 2020, which represents a decrease of $438,961 or 4%. The decrease is primarily the result of amortization of customer relationships and trade names of approximately $500,000 during the year ended December 31, 2021. During the year ended December 31, 2021 the reduction in intangible assets of $2,349,000 due to the impairment charge recorded in 2021 was largely offset by an increase in current assets of $2,388,127 which is primarily a result of the financing completed in the year in conjunction with the Company's RTO transaction discussed in this MD&A.

Total non-current liabilities

Total non-current liabilities as of December 31, 2021 were $7,498,466 compared to $8,599,168 as of December 31, 2020 represents a decrease of $1,100,702 or 13%. The decrease is primarily a result of the decrease in the Company's long-term portion of its promissory note payable which is a result of a combination of overall debt reduction, along with more of the promissory note payable being classified as a current liability at December 31, 2021 than at December 31, 2020 due to the differences in the principal repayment amount and schedule at each of these dates. Additionally, the decrease was a result of a decrease in deferred revenue.

Liquidity and Capital Resources

Throughout the year ended December 31, 2021, and 2020, the Company has primarily funded its working capital from its ongoing revenue, from short-term advances from related parties, its ability to adjust discretionary cash expenditures and from financing through its RTO transaction. In addition to the financial commitments outlined in the Financial Instrument and Risk Management section of this MD&A, the Company incurred financial costs and commitments in connection with the Qualifying Transaction subsequent to December 31, 2021. These items taken together may materially affect the Company's liquidity.

Cash

As at December 31, 2021, the Company's reported cash balance was $3,792,446 compared to $110,034 as at December 31, 2020, representing an increase of $3,672,320. The increase in cash resources is primarily a result of the approximately $4.2 million gross proceeds ($5.4 million CAD) cash raised through the Company's RTO transaction, short term related party advances of $500,000 and convertible promissory notes totalling $1.45 million issued during the year reduced by expenditures described in this MD&A.

Working capital deficit

Working capital represents the Company's current assets less its current liabilities. The Company's working capital deficit as at December 31, 2021, and December 31, 2020 is as follows:

	December 31, 2021	December 31, 2020	Change	Change (%)
Current assets	$ 4,036,299	$ 1,648,172	$ 2,388,127	145%
Current liabilities	5,640,012	2,603,500	3,036,512	117%
Working capital deficit	$ (1,603,713)	$ (955,328)	$ (648,385)	-68%

The increase in working capital deficit of $648,385 is primarily a result of an increase in the current liabilities of $3,036,512 which is primarily a result of the increase of approximately $2 million in related party convertible promissory notes and short term financing including interest accrue, an increase in accounts payable of approximately $780,000 associated with costs incurred on the Company's RTO transaction that closed in December 2021, a reduction in revenue discussed earlier in this MD&A offset by increase in cash as a result of the closing of the financing associated with the RTO.

During the year ended December 31, 2021, the Company completed several short-term financings to improve its liquidity and capital resources. The Company completed a short-term convertible note agreement with a related party which allowed the Company to draw a total of $700,000 in two tranches from June 29 to July 29. This short-term convertible note agreement was fully drawn on December 31, 2021. Additionally, the Company completed a secured convertible promissory note agreement financing of $750,000 with certain employees and third parties.

Cash generated used in operating activities

Cash used in operating activities for the year ended December 31,2021 was $1,236,920 compared to $1,273,058 in the same period in 2020 represents an increase in the use of cash of $36,138 or a 3% decrease. Cash used in operations year over year remained relatively unchanged as the reduction in revenue of approximately $2 million and an increase in operating costs of approximately $2 million that is discussed in this MD&A was largely offset by the increase in cash provided by working capital changes of approximately $4 million.

Cash flows from financing activities

Cash from financing activities for the year ended December 31, 2021 was $5,795,572 compared to $2,580,788 in the same period in 2020 which represents a decrease of $3,214,784 or 125%. The increase is primarily a result of an increase in cash of approximately $3.9 million as a result of the Company's RTO financing net of share issuance costs offset by a net repayment to related parties of approximately $265,000 and increased repayments of $290,000 of the Company's promissory note.

Cash flows used in investing activities

Cash used in investing activities for the year ended December 31, 2021 and 2020 includes the amount of software development costs that meet the criteria for capitalization. During the year ended December 31, 2021, $876,240 of software development costs were capitalized compared to $1,202,422 during the same period of 2020.

Net (loss) income and net (loss) income per share

The net loss for the quarter ended December 31, 2021 was $8.4 million or $1.30 per share (basic), compared to net income of $2,262,169 or $0.28 per share (basic) and $0.06 per share (diluted). The net loss for the year ended December 31, 2021 is $10.7 million or $0.91 per share (basic) compared to net income of $1.9 million or $0.24 per share (basic) and $0.05 per share (diluted). The increase in net loss and net loss per share for in the fourth quarter and year ended 2021 compared to the same periods in 2020 is primarily due to one-time reverse acquisition expenses of $5.2 million, $5.3 million impairment and increased administrative costs associated with being a public company.

Non-IFRS Measures

Non-IFRS financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are unlikely to be comparable to similar measures presented by other companies. The Company provides non-IFRS measures as additional information to complement financial statements prepared under IFRS to provide further understanding of results of operations from management's perspective. These measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income or loss excluding interest, depreciation and amortization, and income tax expense. Adjusted EBITDA is defined as EBITDA excluding, one-time non-recurring expenses including reverse acquisition expenses, bad debt recovery or expense, change in the value of warrant liability and impairments.

We believe that Adjusted EBITDA and Adjusted EBITDA margin are useful measures of financial performance because they provide an indication of the Company's ability to seize growth opportunities in a cost-effective manner and finance its ongoing operations. A reconciliation from the Company's net income (loss) for the fourth quarter and year ended December 31, 2021 and 2020 is as follows:

	Q4		Year ended December 31,		Q4		YTD	
Adjusted EBITDA reconciliation	2021	2020	2021	2020	Change	% Change	Change	% Change
Net (loss) income	(8,447,943)	2,262,169	(10,669,407)	1,936,388	$ (10,710,112)	-473%	$ (12,605,795)	-651%
Interest	273,696	273,273	1,033,252	976,129	423	0%	57,123	6%
Impairment	2,349,000	-	2,349,000	-	2,349,000	100%	2,349,000	100%
Reverse acquisition expenses	5,198,395	-	5,198,395	-	5,198,395	100%	5,198,395	100%
Bad debt	184,950	(302,701)	369,900	(302,701)	487,651	-161%	672,601	-222%
Change in fair value of warrant liability	48,124	(2,384,548)	48,124	(2,384,548)	2,432,672	-102%	2,432,672	-102%
Amortization	416,024	285,564	1,537,787	1,407,327	130,460	46%	130,460	9%
Adjusted EBITDA	22,246	133,757	(132,949)	1,632,595	$ (111,511)	-83%	$ (1,765,544)	-108%
As a percentage of revenue	2%	10%	-3%	27%	-8%	-75%	-30%	-112%

Monthly Recurring Revenue (MRR)

MRR represents the monthly recurring revenue for the last month in the quarter and is a measure of the growth in the Company's subscription software licences and renewal revenue.

SHARE CAPITAL

The Company has 16,919,644 subordinate voting shares (SVS) and 26,600 multi voting shares (MVS) outstanding at December 31, 2021. The following reconciles the Company's share capital for the year ended December 31, 2021 and 2020:

	Number of Common Shares	Number of SVS Shares	Number of MVS Shares
Balance December 31, 2019	66,500,000	-	-
Dividends declared	-	-	-
Net income and comprehensive income	-	-	-
Balance December 31, 2020	66,500,000	-	-
Net loss and comprehensive loss	-	-	-
Edge Technologies Inc. share conversion	(66,500,000)	-	26,600
Effects of reverse acquisition of Aphelion Capital Corp.	-	8,004,000	-
Subscription receipts financing	-	1,612,903	-
Private placement	-	7,181,774	-
Share issuance costs	-	120,967	-
Balance December 31, 2021	-	16,919,644	26,600

REVERSE ACQUISITION EXPENSES and TRANSACTION, PRIVATE PLACEMENT AND TSXV LISTING

One March 3, 2021 the Company entered into a merger agreement (the "Merger Agreement") with Edge Technologies Inc. ("Edge"), Electric Acquisition Corp., a wholly owned subsidiary of the Company, Aphelion FundCo Inc., and 1289571 B.C. Ltd., a wholly owned subsidiary of the Company, pursuant to which, subject to the satisfaction of certain conditions, BC SubCo was to amalgamate with FundCo, and US SubCo was to amalgamate with the Company to complete an arm's length qualifying transaction (the "QT") in accordance with the policies of the TSX Venture Exchange (the "TSXV").

On November 15, 2021 FundCo completed a brokered private placement of an aggregate of 1,612,903 subscription receipts at a price per subscription receipt of $0.62 CAD for total gross proceeds of approximately $1,000,000 CAD. A corporate finance fee of $150,000 CAD for services provided in connection with the financing was paid to the broker completing the financing. One half of the corporate finance fee was paid in cash and one-half corporate finance fee was paid ultimately by the issuance of 120,967 edgeTI SVS shares share of $0.62 CAD. A cash commission totaling $70,000 CAD and legal costs, agent expenses and disbursements totaling $142,500 CAD were paid to the broker.

On December 15, 2021, immediately prior to the completion of the QT, the Company, completed a stock split whereby each common share was split by a ratio of 1:2. At this time, the Company amended its articles to (i) reclassify the Aphelion common shares as subordinate voting shares ("SVS"), (ii) create a new class of multiple voting shares ("MVS"), and (iii) change its name to edgeTI.

On December 24, 2021, the Qualifying Transaction was completed. Following completion of the QT, the Company, changed its name to Edge Total Intelligence Inc., ("edgeTI")

On December 24, 2021, edgeTI completed a brokered private placement of 7,181,774 of shares at a price per share of $0.48 ($0.62 CAD) for gross proceeds of approximately $3,475,160 ($4,453,000 CAD). A cash commission totaling $210,710 ($270,000 CAD) and legal costs, broker expenses and disbursements totaling $17,169 ($22,000 CAD) were paid to the broker. In addition, 434,982 broker warrants each exercisable to acquire one share for a period of 24 months exercisable at $0.48 ($0.62 CAD) into edgeTI SVS shares. All outstanding securities of FundCo were exchanged (the "BC Securities Exchange") for securities of the Company on a one FundCo Share for one SVS basis resulting in approximately 1,733,934 SVS being issued to former shareholders of FundCo, and the issuance of 112,903 SVS purchase warrant entitling the holder to acquire one SVS at the Financing Price for a period of twenty-four months. All outstanding securities represented by 66,500,000 common shares of Edge Technologies Inc. were exchanged for securities of the Company resulting in approximately 26,600 MVS being issued to former shareholders of Edge. The Company also acquired certain convertible debt securities of Edge.

On completion of the QT, all 26,600 MVS issued to the former shareholders of Edge are subject to escrow in accordance with the Merger Agreement and the requirements of the Exchange ("MVS Escrow"). Pursuant to the MVS Escrow, 10% of the escrowed shares will be released on September 20, 2022, the eight month anniversary of the date of completion of the Qualifying Transaction, and an additional 15% of the escrowed shares will be released on each six month anniversary thereafter such that all escrowed shares will be released from MVS Escrow on September 20, 2025. Any amendment to the MVS Escrow will require the prior approval of the Exchange.

In addition, certain current and/or former shareholders of the Company have entered into a CPC Escrow Agreement (the "CPC Escrow Agreement") with the Exchange and TSX Trust Company, as escrow agent, in respect of 4,000,000 SVS. Under the terms of the CPC Escrow Agreement, 25% of the escrowed shares will be released January 20, 2022 at the time of the Final Exchange Bulletin, with an additional 25% released on each 6 month anniversary thereafter.

In addition, on completion of the QT, certain directors and officers of the Company entered into an escrow agreement pursuant to which such directors and officers deposited approximately 15,744 MVS in escrow with TSX Trust Company, as escrow agent until released in accordance with the escrow agreement, TSXV policies and applicable laws. Under the terms of the escrow, 25% of the escrowed shares will be released on January 20, 2022 with an additional 25% released on each 6 month anniversary thereafter.

Additionally, on completion of the QT, 400,000 stock options of the Company were issued to certain prior directors and advisors of Aphelion. All options vested immediately and are exercisable at $0.48 ($0.62 CAD) to acquire one SVS for a period of five years from the date of grant.

SUMMARY OF QUARTERLY RESULTS

	Quarter ended			
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total revenues	**$ 890,213**	$ 1,013,403	$ 960,585	$ 1,223,590
Net income (loss)	**$ (8,447,943)**	$ (844,410)	$ (1,292,022)	$ (85,030)
Net income (loss) per share basic	**$ (0.95)**	$ (0.11)	$ (0.16)	$ (0.01)
Net Income (loss) per share fully diluted	**$ (0.95)**	$ (0.11)	$ (0.16)	$ (0.01)

	Quarter ended			
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total revenues	$ 1,343,028	$ 1,375,096	$ 2,356,825	$ 1,041,143
Net income (loss)	$ 2,269,203	$ (493,949)	$ 763,466	$ (602,332)
Net income (loss) per share basic	$ 0.28	$ (0.06)	$ 0.10	$ (0.08)
Net Income (loss) per share fully diluted	$ 0.06	$ (0.06)	$ 0.02	$ (0.08)

Significant variances between the quarters above are as follows:

Quarter ended December 31, 2021

- The decrease in total revenues from $1,013,403 in Q3 2021 to $890,213 in Q4 2021 is primarily a result in a decrease in professional consulting revenues of approximately $350,000 due to no software integrations being completed in the fourth quarter of 2021.

- The net loss increased from $844,410 in Q3 2021 to $11,060,716 in Q4 2021 primarily as a result of reduced professional consulting revenue of approximately $350,000, impairment expense recognized in Q4 2021 of $2.3 million and reverse takeover expenses of $5.2 million being incurred in conjunction with the Company's RTO transaction.

Quarter ended September 30, 2021

- The increase in total revenues of $960,585 in Q2 2021 to $1,013,403 in Q3 2021 is primarily a result in an increase in maintenance and support revenues of $22,780 associated with its subscription software licenses versus one-time perpetual software license sales. Additionally, professional consulting revenues increased from $195,219 in Q2 2021 to $219,544 in Q3 2021 due to revenue from a new consulting project offsetting in Q3 more than offsetting contracts that were ongoing in Q2 that were concluded in the beginning of Q3.

- Net loss and net loss per share reduced from $1,291,967 in Q2 2021 or $(0.02) per share to $844,410 in Q3 2020 of $(0.01) per share primarily as a result of a reduction in administrative expenses in Q3 2021 compared to Q2 2021. In Q2 2021 the Company incurred one time incremental costs associated with auditing under IFRS certain prior years and the conversion of its US GAAP audited financial statements into IFRS. This conversion was required due to its proposed merger and qualifying transaction with Aphelion Capital Corp.

Quarter ended June 30, 2021

- The reduction in total revenues of $1,223,590 in Q1 2021 to $960,585 in Q2 2021 is primarily a result in a reduction of perpetual software licences of $280,000 which is due to a focus on recurring subscription software licenses vs one-time perpetual software license sales.

- The increase in the net loss from $(85,030) in Q1 2021 to $(1,291,128) in Q2 2021 is primarily a result of a reduction in perpetual software license sales of $280,000, an increase in administration expense of $266,278 primarily related to the proposed merger and qualifying transaction with Aphelion Capital Corp., and a reduction in other income of $538,100 in US Federal Government PPP loan forgiveness recorded in Q1 2021.

Quarter ended March 31, 2021

- The reduction in net income is primarily a result of the reduction in the warrant liability recorded in the quarter ended December 31, 2020.

Quarter ended December 31, 2020

- The increase in net income is primarily a result of the reduction in the change in warrant liability recorded in the quarter.

Quarter ended December 31, 2020

- The increase in total revenues is primarily a result of a one-time perpetual license sale achieved in the quarter.

- The increase in net income is primarily a result of a one-time perpetual licence sale and increased software development costs that met the criteria for capitalization in the quarter.

Quarter ended June 30, 2020

- The increase in total revenues is primarily a result of a one-time perpetual license sale achieved in the quarter.
- The increase in net income is primarily a result of a one-time perpetual licence sale and increased software development costs that met the criteria for capitalization in the quarter.

Quarter ended March 31, 2020

- The increase in total revenues is primarily a result of an increase in maintenance revenue achieved in the quarter.
- The increase in net income is primarily a result of the increase in warranty liability that was realized in the quarter ended December 31, 2019 was not incurred in quarter ended March 31, 2020.

Quarter ended December 31, 2019

- The reduction in net income is primarily a result of increase in the change in warrant liability recorded in the quarter.

FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. Cash is placed with a major US financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is $3,792,354 (2020-$110,034).

The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non- performance. The Company has no history of customer credit defaults and as a result has not made a provision for credit risk default of customers.

During the year ended December 31, 2021 the Company determined that a single customer was uncollectable and recorded a provision against the receivable of $369,900 (2020-$2,160,998). Trade accounts receivables are shown net of the provision and are as follows:

	Under 30	30-60 days	Over 60 days	Total
Accounts receivable aging	$ 83,383	$ -	$ 55,216	$ 138,599

The Company is exposed to concentration of credit risk relating to one customer that represents 94% of trade accounts receivable as at December 31, 2021 (December 31, 2020 - 73%).

During the year ended December 31 ,2021 and 2020, one customer accounted for 20% (20% - 2020) of total revenue.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company mitigates liquidity risk by adjusting its expenses in relation to its revenues, through working capital management, and loans and advances from its lender and Lotus. The Company's exposure to liquidity risk is dependent on the Company's ability to generate sales, manage its expenditures based on its sales and continued support from its lender. At December 31, 2021, the Company has $3,792,446 of cash and liabilities with the following due dates and carrying values.

	Under 3 months	3 months - 1 year	1-2 years	3-5 years	Total
Accounts payable and accrued liabilities	$ 1,222,020	-	-	-	$ 1,222,020
					-
Related party loan payable	-	$ 2,504,440.0	-	-	2,504,440
Paycheck protection program loan	-	-	-	-	-
Lease payments	15,606	86,205	$ 43,060	$ 19,370	164,241
Promissory note payable	-	500,000	5,989,432	-	6,489,432
Warrant liability	-	-	1,561,874	-	1,561,874
Total	$ 1,237,626	$ 3,090,645	$ 7,594,366	$ 19,370	$ 11,942,007

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company does not have any significant assets held in currencies other than the USD and is not exposed to significant foreign currency exchange risk as international sales are denominated in its functional currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have investments in any variable interest-bearing securities and therefore is not subject to interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks.

RELATED PARTY TRANSACTION

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits or other long-term benefits or termination benefits were made during the quarter or year ended December 31, 2021, or December 31, 2020. Short-term key management compensation consists of the following:

	December 31, 2021	December 31, 2020
Salaries, bonus, and short-term employment benefits	**$ 305,140**	$ 431,947

The following table provides the related party payables as at December 31, 2021 and 2020:

	December 31, 2021	**December 31, 2020**
Loan payable to ConnertonA LLC (i)	**$ 555,390**	$ 555,390
Convertible note agreement with Lotus Domaine III, L.P. (ii)	**700,000**	-
Short term credit agreement with Lotus Domaine III, L.P. (iii)	**500,000**	-
Convertible note agreement with management and directors (iv)	**749,050**	-
Foreign currency derivative liability associated with convertible debentures (v)	**950**	-
	$ 2,505,390	$ 555,390

(i) Loan payable to ConnertonA LLC
As at December 31, 2021, the Edge Technologies Inc. has a related party payable to ConnertonA LLC of $555,390 (December 31, 2020 - $555,390) related to dividends declared.

(ii) Credit and convertible note agreement with Lotus Domaine III, L.P.
On June 29, 2021, the Company entered into a credit and convertible note agreement with Lotus Domaine III, L.P. ("Lotus Domaine") to a $700,000 short term loan of up to 90 days in duration. Lotus Domaine is considered a related

party as two of its members are members of the Company's Board of Directors.
The loan bears simple interest at 10% that is adjustable retroactively to 20% if the loan is extended beyond the 90 day duration. The loan is advanced in two tranches of $350,000, first of which is upon signing and the second thirty days from June 29, 2021. The loan is collateralized by all assets of the Company including certain accounts receivable. If at any time after the completion of the currently contemplated RTO between Edge and Aphelion, any principal amount of the short term loan remains outstanding, Lotus Domaine, has the right to convert the principal and any unpaid interest into common stock of the "resulting issuer" in the RTO at a price per share of CAD $0.62.

iii) Short term credit agreement with Lotus Domaine III, L.P.
On November 16, 2021 the Company entered into a credit and note agreement with Lotus Domaine III, L.P. for a short-term advance of $500,000 for normal operating expenses of the Company.
The loan bears interest at 12% per annum, that is adjustable retroactively to 20% if the loan is extended beyond the 90-day duration.

iv) Convertible note agreement with management and directors
On August 9, 2021, the Company to entered into secured convertible promissory note agreements ("Agreements") totaling $750,000 with certain management and directors. The term of the agreements is 90 days and bears interest at 10%, that tis adjustable retroactively to 15% if the loan is extended beyond the 90-day duration. The loan is secured by the receivables of the Company and is subordinate to the Salem Debt. If at any time after the completion of the currently contemplated RTO between Edge and Aphelion, any principal amount of the agreement remains outstanding, the holders, have the right to convert the principal and any unpaid interest into common stock of the "resulting issuer" in the RTO at a price per share of $0.62 CAD.

v) Foreign currency derivative liability associated with convertible debentures
As the conversion feature is denominated in CAD and not in the functioning currency of the Company, the conversion feature is derivative liability that arises from the changes in exchange rates and as a result the convertible debenture is assessed as being a financial liability with an embedded derivative liability. The embedded derivative at the time the convertible note agreement was entered into was calculated as the difference between the CAD to USD spot exchange rate and the forward CAD to USD exchange rate. Subsequently, the embedded derivative is measured at fair value with the changes recognized in profit or loss.

The credit and convertible liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the notes.

Related party transactions during the year

During the year ended December 31, 2021, the Company renewed its lease arrangement for office space with a company controlled by an executive employee of the Company for a period of three years commencing March 1, 2021. The Company is required to make monthly payments of $4,700 under the terms of the lease. During the year ended December 31, 2021 the Company paid $56,400 (September 30, 2020 - $56,400) under this arrangement.

During the year ended December 31, 2021, a company controlled by an executive employee of the Company provided the Company with two short term credit agreements totalling $161,500 net of a 2% fee. The credit agreement is collateralized by certain receivables of the Company and bears simple interest of 25% paid monthly. On April 1, 2021 the amounts loaned to the Company were repaid.

During the year ended December 31, 2020, Edge Technologies Inc., declared dividends of $1,151,330 to its shareholders. Of the amount declared, $595,940 was used to reduce the receivable the Edge Technologies Inc. had owing from Lotus.

SUBSEQUENT EVENTS

On January 24, 2022 the Company returned to trade on the TSXV under the symbol "CTRL".

Subsequent to December 31, 2021, the Company repaid the short-term credit agreement with Lotus Domaine III, L.P. of $500,000 including interest of $10,500.

On April 25, 2022, the credit and convertible note agreement with Lotus Domain III, L.P. of $700,000 plus accrued interest of $74,603 were converted to 1,577,815 SVS shares of the Company.

On April 25, 2022, the secured convertible promissory note agreements with certain management and directors totaling $750,000 were extended until December 31, 2022.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes.

Significant management estimates impacting the financial statements include the following:

Convertible note agreement

The Company's convertible note agreement is classified as a liability, with the foreign currency derivative component being measured at fair value. The liability was initially recorded at fair value and subsequently at amortized cost using the effective interest rate method; the liability is accreted to the face value over the term of the convertible note agreement.

Warrant liability

Determining the fair value of the warrant liability requires management to make significant assumptions that are highly uncertain about the Company's fair market value of its equity. Those assumptions could potentially have a material impact on the fair value of the warrant liability. To the extent possible management will engage or utilize third party estimates of the fair market value of Edge's equity whenever possible.

Useful lives of intangible assets

The useful lives of intangible assets including software development costs is a management estimate that impacts the amount of amortization expense recognized. Significant judgement is used to determine the useful live.

The expense in respect of periodic amortization is derived after determining an estimate of an intangible asset's expected useful life. Increasing the expected life would result in reduced amortization charge in the consolidated statements of income and comprehensive income. The useful lives of intangible assets were determined by management at the time the acquisition by Lotus and subsequently based on expected life when the product is put in use. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Deferred income taxes

Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

Lease liability

In determining the interest rate used, management estimated the Company's incremental borrowing rate at the time of recognition of the lease liability. The estimate was based on management judgment of comparable companies.

Accounting Standards Issued and Adopted During the Period

There were no new standards or amendments to standards adopted during the Year ended December 31, 2021.