AF2 Capital Corp.
(a Capital Pool Corporation)

Management's Discussion and Analysis
For the year ended August 31, 2022

Introduction

This Management's Discussion and Analysis ("MD&A") provides a review of AF2 Capital Corp.'s ("AF2" or "the Company") financial performance for the year ended August 31, 2022. It should be read in conjunction with the Company's financial statements and accompanying notes for the years ended August 31, 2022 and 2021. The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The MD&A has been prepared effective November 30, 2022 and has been approved by the Board of Directors of the Company.

This MD&A may contain "forward-looking statements" which reflect expectations regarding future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Going concern

The Company does not generate revenue from operations. The Company incurred a net loss of $25,390 during the year ended August 31, 2022 (August 31, 2021 - $116,425). However, the Company believes that its working capital balance as at August 31, 2022 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. These financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company has no revenues, its ability to continue as a going concern is dependent on obtaining additional financing and completing a Qualifying Transaction. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

COVID-19

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from coronavirus (COVID-19). The Company continues to move its business forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

Nature of the Business and Incorporation

The Company is a Capital Pool Company ("CPC"), as such term is defined in Policy 2.4 of the TSX Venture Exchange (TSX-V) (the "Policy").

The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Company's registered head office address is Suite 2300, Bentall 5, 500 Burrard Street, Vancouver, British Columbia, V6C 2B5.

Corporate development

Initial public offering

On March 15, 2021, the Company completed its initial public offering, raising gross proceeds of $300,000 (the "Offering") pursuant to a prospectus dated February 17, 2021. Under the terms of the Offering, an aggregate of 3,000,000 common shares in the capital of the Company were subscribed for at a price of $0.10 per share.

Haywood Securities Inc. (the "Agent") acted as the agent for the Offering. The Agent received a cash commission equal to 10% of the gross proceeds of the Offering and an option to purchase 300,000 common shares at a price of $0.10 per share for a period of 24 months from the date of listing of the common shares on the Exchange.

Upon closing of the Offering, the Company granted 500,000 incentive stock options to its directors and officers which are exercisable within ten years from the date of the grant at an exercise price of $0.10 per common share.

Trading symbol and commencement of trading

The Company is a Capital Pool Company under the policies of the Exchange. The Company's common shares commenced trading on the Exchange on March 17, 2021 under the trading symbol "AF.P".

Results of Operations

Selected annual financial information:

The following is a summary of the Company's financial results for the period stated:

	Year ended August 31, 2022	Year ended August 31, 2021
Net loss and comprehensive loss	(25,390)	(116,425)
Net loss per share	(0.01)	(0.08)

	As at August 31, 2022	As at August 31, 2021
Total assets	229,394	249,501
Current Liabilities	13,456	8,173
Accumulated deficit	(166,815)	(141,425)

The Company had a net loss of $25,390 during the current year, decreased from $116,425 in the prior year. The decrease was primarily due to transfer agent, listing and filing fees, and professional fees incurred for the Company's application for listing on the Exchange which was completed during the prior year.

Summary of Financial Results of the Most Recently Completed Quarters

	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
Net loss and comprehensive loss	(13,555)	(6,429)	(3,997)	(1,409)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Working capital	215,938	229,493	235,922	239,919
Total assets	229,394	229,653	235,922	244,613

	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020
Net loss and comprehensive loss	(7,093)	(84,815)	(8,633)	(15,884)
Net loss per share	(0.00)	(0.03)	-	-
Working capital	241,328	248,421	50,483	59,115
Total assets	249,501	298,950	75,653	89,100

Since inception, the Company has incurred losses while advancing its business place. The net loss and comprehensive loss was $13,555 for the three months ended August 31, 2022, compared with $7,093 for the period ended August 31, 2021. The increase was primarily resulted from a increase in expenses incurred for professional fees in current period as more expenses were incurred in the current period in to maintain Company's listing on the Exchange.

Liquidity and Capital Resources

As of August 31, 2022, the Company had $229,394 in cash and working capital was $215,938. The Company incurred an accumulated deficit of $166,815. To date, the Company's expenditures are largely made up of costs related to administrative overhead and professional fees related to the Company's application for listing on the TSX-V.

Management anticipates that ongoing costs relating to the identification, evaluation, due diligence, negotiation and completion of a Qualifying Transaction will be incurred in future periods. The timing and magnitude of these costs is not predictable. These costs may be significant and could possibly result in higher general and administrative expenses. To date, the Company has procured working capital through equity financing.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and further periods if the review affects both current and future periods. Significant assumptions that management have made that would result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to but are not limited to recognition of deferred income taxes.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. During the period, the Company incurred no related party transactions.

Financial Instruments and Other Instruments

Fair Values

At August 31, 2022, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's search for a Qualifying Transaction, and limited exposure to credit and market risks.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk

Credit risk is the risk of loss if a third party to a financial instrument fails to meet its commercial obligations. The Company believes its exposure to credit risk is not significant.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. None of the Company's financial instruments bear interest. Therefore, management believes that the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Management of Capital

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued share capital and contributed surplus, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

Outstanding Share Data

The following securities were outstanding as at November 30, 2022:

	Number
Common shares	5,000,000
Agent's options	300,000
Stock options	500,000

Risk Factors

The Company is actively trying to complete its Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until that time, the Company is not permitted to carry on any other business other than the identification and evaluation of potential Qualifying Transactions.

There can be no assurances that the Company will continue to be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

To a certain degree, the Company's success depends upon key members. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of management and certain key employees could have a material adverse effect on the Company.

Other Information

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.