# KALMA CAPITAL CORP.

## (A CAPITAL POOL COMPANY)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## For the Year Ended December 31, 2022

**(Expressed in Canadian Dollars)**

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This Management Discussion and Analysis ("MD&A") of Kalma Capital Corp.'s ("KCC" or the "Company") financial position and results of operations for the year ended December 31, 2022 is prepared as at May 1, 2023. This MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2022 and the supporting notes. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

## FORWARD-LOOKING INFORMATION

This discussion contains "forward-looking statements" that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

This MD&A may contain forward-looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## OVERALL PERFORMANCE

KCC was incorporated on March 9, 2021 and is in the process of applying for listing as a Capital Pool Company ("CPC") on the TSX Venture Exchange (the "Exchange") as defined in Policy 2.4 of the Exchange Corporate Finance Manual (the "Manual"). To this end the Company filed a prospectus dated March 16, 2022 and filed an amended and restated prospectus dated June 13, 2022, to offer to sell and issue a minimum of 2,000,000 common shares and maximum of 3,000,000 common shares of the Company (the "Offering") at a price of $0.10 per common share (the "Offering Price") for total gross proceeds to the Company of minimum $200,000 and a maximum $300,000.

The principal business of the Company, should it attain a listing on the Exchange as a CPC, is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT") as defined in Policy 2.4 of the TSX-V.

The Company has not commenced commercial operations and has no assets other than cash. 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.

There is no assurance that the Company will complete its initial public offering or be listed on the Exchange as a CPC.

If the Company becomes a CPC the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions will apply until completion of a QT by the Company as defined under the policies of the Exchange Policy 2.4.

The head office and the registered head office of the Company is located at Suite 480, 1500 West Georgia Street Vancouver, B.C. V6G 2Z6.

## RESULTS OF OPERATIONS

### ***Three months ended December 31, 2022***

During the three months ended December 31, 2022, the Company incurred the following significant expenses and resulting in a net loss of $23,628 (December 31, 2021 – $43,027):

- Legal fees of ($6,625) (December 31, 2021 – $1,633);
- Professional fees of $17,035 (December 31, 2021 – $10,547); and
- Regulatory and filings of $12,940 (December 31, 2021 – $12,750).

### ***Year ended December 31, 2022***

During the year ended December 31, 2022, the Company incurred the following significant expenses and resulting in a net loss of $84,441 (December 31, 2021 – $57,334):

- Legal fees of $28,381 (December 31, 2021 – $3,133);
- Professional fees of $35,085 (December 31, 2021 – $23,047); and
- Regulatory and filings of $19,987 (December 31, 2021 – $12,750).

## SUMMARY OF QUARTERLY INFORMATION

| | Three months ended | | | |
|---|---|---|---|---|
| | **December 31, 2022** | **September 31, 2022** | **June 30, 2022** | **March 31, 2022** |
| | **$** | **$** | **$** | **$** |
| Finance income | - | - | - | - |
| Operating expenses | 23,628 | 15,767 | 4,073 | 40,973 |
| Net Loss | (23,628) | (15,767) | (4,073) | (40,973) |
| Basic and diluted loss per share | (0.01) | (0.00) | (0.00) | (0.01) |

| | Three months ended | | | |
|---|---|---|---|---|
| | **December 31, 2021** | **September 31, 2021** | **June 30, 2021** | **September 30, 2020** |
| | **$** | **$** | **$** | $ |
| Finance income | - | - | - | N/A |
| Operating expenses | 43,028 | 14,170 | 136 | N/A |
| Net loss | (43,028) | (14,170) | (136) | N/A |
| Basic and diluted loss per share | (0.01) | (0.00) | (0.00) | N/A |

The variations in operating expenses in the previous periods are primarily a result of the Company filing its prospectus and amended and restated prospectus, and completing a private placement as well as expenses incurred for the proposed QT. Fluctuations reported were the result of the level of activity of the Company in each given reporting period.

## SELECTED INFORMATION

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| | $ | $ |
| Finance income | - | - |
| Operating expenses | 84,441 | 57,334 |
| Net loss | (84,441) | (57,334) |
| Basic and diluted loss per share | (0.02) | (0.03) |

| *As at:* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| | $ | $ |
| Total assets | 94,645 | 178,793 |
| Long-term financial liabilities | Nil | Nil |
| Cash dividend per share | Nil | Nil |

## LIQUIDITY / CAPITAL RESOURCES

As at December 31, 2022, the Company had cash of $35,945. The Company had current liabilities of $23,537 and working capital of $71,108.

During the year ended December 31, 2022, the Company recorded a cash outflow from operating activities of $84,441, mainly due to costs incurred for normal business operations.

## OUTSTANDING SHARE DATA

At December 31, 2022, the Company had 4,000,200 common shares issued and outstanding of which 4,000,200 common shares are held in escrow.

***Escrow shares***

All common shares of the Company acquired in the secondary market prior to the completion of a QT by non-arm's length parties, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

4,000,200 issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

During the year ended December 31, 2022, no equity transactions occurred.

As of the date of this MD&A, the Company had 4,000,200 common shares issued and outstanding and 400,020 stock options with an exercise price of $0.05.

## RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence.

During the year ended December 31, 2022, the Company incurred accounting fees of $18,500 for services provided by an accounting firm whose senior manager is an officer of the Company (December 31, 2021 - $3,047). As at December 31, 2022, $1,075 is included in accounts payable and accrued liabilities for these services (December 31, 2021 - $3,244).

There were no other transactions with related parties and no remuneration was paid to key management personnel during the year ended December 31, 2022 and the period from incorporation on March 9, 2021 to December 31, 2021.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of our unaudited condensed interim financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited financial statements for the year ended December 31, 2022 for a more detailed discussion of the critical accounting estimates and judgments.

## NEW ACCOUNTING PRONOUNCEMENTS

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted the unaudited condensed interim financial statements for the nine months ended December 31, 2022.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 the risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. 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 6 of our audited financial statements for the year ended December 31, 2022.

## OTHER MD&A REQUIREMENTS

***Management's Responsibility for Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Risks and uncertainties***

Investment in the common shares must be regarded as highly speculative due to the nature of the Company's business and its present stage of development.