Hypercharge Networks Corp

(formerly Cliffwood Capital Corp.)

Management Discussion & Analysis
For the year ended August 31, 2022

The purpose of this Management Discussion and Analysis ("MD&A") is to explain management's point of view of Hypercharge Networks Corp.'s ("Hypercharge", the "Company", "we" or "us") past performance and future outlook. This MD&A should be read in conjunction with our audited consolidated financial statements for the year ended August 31, 2022 (the "Financial Statements"). The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and follows the same accounting policies and methods of application as the Company's most recent annual financial statements.

All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated. All information contained in this MD&A is current as of November 28, 2022 unless otherwise stated. Additional information on the Company is available on SEDAR.

Forward Looking Information

Certain sections of this MD&A may contain forward-looking statements. Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", and similar expressions used by the Company's management are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations as they relate to the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

The forward-looking statements contained herein are based on information available as of November 28, 2022.

Our Business

The Company was incorporated under the British Columbia Business Corporations Act on September 5, 2018. On March 10, 2021, the Company changed its name to Hypercharge Networks Corp from Cliffwood Capital Corp.

In June 2021, the Company commenced operations as a turnkey electric vehicle (EV) charging solutions provider, supplying seamless, simple charging experiences through industry leading equipment, strategic partnerships and acquisitions, and a robust network of public and private charging stations.

On February 28, 2021, the Company signed a Letter of Intent to enter into a transaction comprised of a business combination with Spark Charging Solutions Inc ("Spark"). On November 1, 2021 (the "Acquisition Date"), the Company acquired all the issued and outstanding shares of Spark Charging Solutions Inc. pursuant to a share exchange agreement. The consideration for the transaction consisted of: (i) issuance of 6,000,000 common shares (the "Consideration Shares") of the Company to the vendors (issued), and (ii) up to 1,000,000 contingent shares (the "Spark Contingent Shares") based on the following milestones: (i) 333,334 shares to be issued upon the deployment of 150 chargers by November 1, 2022; (ii) 333,334 shares to be issued upon hitting a gross revenue threshold of $1,000,000 by November 1, 2022; and (iii) 333,334 shares to be issued upon hitting a gross revenue threshold of $4,000,000 by November 1, 2024. The Company is also required to settle Spark's existing outstanding debt by issuing shares or making future cash payments of $191,546 (of which $75,773 has been paid through October 31, 2021). During the year ended August 31, 2022, the Company repaid $29,126 of such amounts with $86,647 repayable with 15 days of the completion of the Company's initial public offering ("IPO"). The Consideration Shares will be held in escrow and released over a 36-month period after the Company is listed on a Canadian securities exchange.

Spark supplies and installs EV charging stations across Canada; and holds Canadian distribution rights to all charging stations manufactured by Oasis Charger Corporation, based in Connecticut, USA.

On August 5, 2021, the Company entered into a collaboration agreement (Partnership) with Toronto-based parking operator, Target Park Group Inc. (“Target Park”), initially to deploy 2,500 EV charging stations across North America over the next 36 months. Starting in early 2022, the Company plans to install charging stations at Target Park’s prime locations in Toronto and Montreal. Through the Partnership, the Company is poised to provide its turnkey charging solutions to the growing EV driver market across Canada and the US, furthering their mission to accelerate the adoption of EVs and support the shift towards a carbon neutral economy.

On April 22, 2022, the Company entered into a share exchange agreement with CoSource Information Technology Service Inc. (“CoSource”) (the “Acquisition”). Pursuant to the Agreement, the Company acquired 100% of the issued and outstanding shares of CoSource in exchange for: (i) 3,800,000 common shares of the Company (the “Consideration Shares”) and (ii) 1,500,000 performance warrants (the “Performance Warrants”), where each Performance Warrant will be exercisable into one common share of the Company (each, a “Common Share”) at a price of $0.02 per share upon the Company’s achievement of certain revenue-based milestones. 250,000 warrants will vest upon the Company achieving aggregate gross revenue of $1,000,000 within 24 months of the commencement date of May 24, 2022, 500,000 warrants will vest upon the Company achieving gross revenue of $2,000,000 or more in a single fiscal year within 36 months of May 24, 2022, and 750,000 warrants will vest upon the Company achieving aggregate gross revenue of $8,000,000 within 48 months of May 24, 2022. On August 15, 2022, the Company entered into an amended agreement with the vendor in which the exercise price of the warrants was raised to an exercise price of $0.40 per share. The Consideration Shares will be subject to voluntary resale restrictions, where 10% of the Consideration Shares will be released on the date the Common Shares are listed on a Canadian securities exchange, with the balance of the Consideration Shares being released in six (6) equal 15% installments every six (6) months thereafter.

CoSource is a digital agency specializing in digital innovation, marketing, and software product development. The acquisition is intended to further enable Hypercharge to innovate and advance the Company’s network and technologies to create a seamless and integrated experience for the Company’s customers.

During the year the Company achieved the following milestones:

- Launched the Hypercharge network platform and released our first mobile apps for both Apple and Android. This was a significant milestone for the company. The platform manages the entire charging network, while the driver Apps enable our customers to connect, charge and pay for their sessions.
- Installed the first Hypercharge EV charging stations in Vancouver and Toronto.
- Closed deals across seven provinces in Canada.
- Hired key personnel including a Director of Product Development, a Sr. Sales Executive in Ontario, an RFP Grants Manager, a Customer Experience Representative, and an Accounting Manager to further enable our increasing business needs.
- Incorporated Hypercharge Networks Inc. to enable our US expansion strategy.

On June 1, 2022, the Company closed a brokered private placement of subscription receipts of Hypercharge (the "Subscription Receipts"), consisting of the issuance of an aggregate of 10,000,000 Subscriptions Receipts at a price of $0.60 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Hypercharge of $6,000,000 (the "Offering"), including 1,666,667 Subscription Receipts issued at the Issue Price for gross proceeds of $1,000,000 in connection with the full exercise of the over-allotment option granted to the agents under the Offering.

On July 8, 2022 the company appointed Vitaly Golomb and Shahab Samimi, as independent Directors on the Board of Directors of the Company. To create room for the new independent directors, the number of directors has been increased to five and Sion Jones has resigned from the Board of Directors.

On July 8, 2022, the Company announced that it has reviewed its corporate governance initiatives, and, as a result, has adopted a new Board Charter, a majority voting policy, and constituted a Compensation and Corporate Governance Committee, which will undertake a review of additional new policies.

On July 21, 2022, the Company filed a preliminary long form prospectus in conjunction with the Company's initial public offering, and anticipated listing on the NEO Exchange Inc.

On September 1, 2022, the Company granted 1,050,000 performance warrants to a consultant of the Company, providing the holder with each performance warrant granting the holder the right to purchase one (1) common share of the Company at an exercise price of $0.60 per share. The options vest in seven (7) tranches and vest upon meeting certain thresholds with respect to charging ports delivered and invoiced.

On September 27, 2022, the Company issued 41,666 common shares as a corporate finance fee in connection with a financing completed.

On October 12, 2022, the Company entered into an agreement with a now former employee in which 50,000 stock options at an exercise price of $0.40 per share immediately vested. The holder of the options must exercise such options within ninety (90) days of the agreement, of which any unexercised options will be forfeited.

On October 13, 2022, the Company granted 500,000 RSUs to a consultant of the Company. The RSUs vest as to 25% on each of 3, 6, 9, and 12 months post-issuance.

On November 16, 2022, the Company's Common Shares began trading on the NEO Exchange Inc. under the symbol "HC". In concurrence with the commencement of trading, 10,000,000 common shares were issued for the share subscriptions received on June 1, 2022, which were recorded as an obligation to issue shares at August 31, 2022. The cash that was held in escrow has been released.

On November 16, 2022, 7,000 PSUs vested and the Company issued 7,000 common shares.

Results of Operations

At August 31, 2022, the Company had not achieved profitable operations and had accumulated losses of $10,349,458 since inception (August 31, 2021 - $958,010). The Company has not paid any cash dividends on its common shares, nor does it have any present intention of paying cash dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities.

Set out below is a comparison of the results of operations for the three months ended August 31, 2022 and 2021:

	Three months ended August 31		
	2022	2021	Change
Revenue	$ **371,081**	$ -	$ 371,081
Cost of goods sold	**(245,503)**	-	(245,503)
Gross profit	**125,578**	-	125,578
Operating expenses	**(1,243,543)**	(638,625)	(604,918)
Other expenses	**(2,243,526)**	(136,117)	(2,107,409)
Net and comprehensive loss	$ **(3,361,491)**	$ (774,742)	$ (2,586,749)

The increase in net loss of $2,586,749 was primarily driven by a goodwill impairment charge of $2,127,955 related to the Company's Spark subsidiary on the basis that the expected synergies from the acquisition have not materialized as expected due to a shift in market strategy. Other contributing items include increases in operating expenses incurred as a result of the Company's expanding operations offset by a contribution from the gross profit from the Company's sales during the three months ended August 31, 2022 in which there was none during the same period in the prior year. Offsetting the contribution made from the gross profit in the current year was a loss of $2,127,955 as a result of an impairment charge on the goodwill arising from the Spark acquisition as a result of synergies that did not materialize while during the three months ended August 31, 2021, the Company incurred losses of approximately $151,000 associated with the impairment of the Company's investment in Thoughtful Brands Inc. and losses incurred upon exit.

Set out below is a comparison of the results of operations for the year ended August 31, 2022 and 2021:

	Year ended August 31		
	2022	2021	Change
Revenue	$ **484,218**	$ -	$ 484,218
Cost of goods sold	**(315,522)**	-	(315,522)
Gross profit	**168,696**	-	168,696
Operating expenses	**(4,467,047)**	(871,627)	(3,595,420)
Other expenses income	**(5,343,097)**	(6,414)	(5,336,683)
Net and comprehensive loss	$ **(9,641,448)**	$ (878,041)	$ (8,763,407)

The Company earned its first revenue during the period and is building a growing sales pipeline which produced a gross profit that partially offset the increased expenditures during the period relative to the same period in the prior year. The increase in net loss of $8,763,407 was primarily driven by a goodwill impairment charge of $2,127,955 related to the Company's Spark subsidiary because of expected synergies at the time of acquisition that did not materialize, and transaction costs associated with the Company's acquisitions of Spark and CoSource of $3,180,739. Additionally contributing to the increase is new expenditures incurred because of the commencement of its operations which include consulting and professional fees, employee wages, advertising and promotional costs and office and administration costs related to an increase in corporate activity. Further contributing to the net loss were non-cash expenses from share-based payments from performance share units ("PSUs"), restricted share united ("RSUs"), performance warrants and employee stock options. Offsetting the increased net loss was $168,696 of gross margin contributed by the Company's initial sales during the year ended August 31, 2022.

Revenue

	Three months ended August 31		
	2022	2021	Change
EV charging equipment	$ **345,415**	$ -	$ 345,415
SaaS subscriptions	**2,075**	-	2,075
Other revenue	**23,591**	-	23,591
	$ **371,081**	$ -	$ 371,081

	Year ended August 31		
	2022	**2021**	**Change**
EV charging equipment	$ **454,160**	$ -	$ 454,160
SaaS subscriptions	**3,867**	-	3,867
Other revenue	**26,191**	-	26,191
	$ **484,218**	$ -	$ 484,218

During the year ended August 31, 2022, the Company generated its first sales, earning revenue of $371,081 and $484,218, during the three months and year ended August 31, 2022, respectively. The Company's EV charging equipment consists electric vehicle charging stations and ancillary products related to their operation, in addition to software sales related to the operating platform. The Company did not have sales or generate any revenue during the three months and year ended August 31, 2021.

Cost of goods sold

	Three months ended August 31			Year ended August 31		
	2022	2021	Change	**2022**	2021	Change
Cost of goods sold	$ **245,503**	$ -	$ 245,503	$ **315,522**	$ -	$ 315,522

During the three months and year ended August 31, 2022, the Company incurred cost of goods sold expenses of $245,503 and $315,522, respectively, related to the cost of inventories expensed during the period, consisting of electric vehicle charging stations and ancillary products related to their operation as well as service fees from the charging stations operated by the Company and its strategic partner and direct costs of the Company's SaaS operations. The Company did not have any cost of goods sold during the three months and year ended August 31, 2021.

Operating expenses

	Three months ended August 31		
	2022	2021	Change
Consulting and professional fees	$ **559,361**	$ 145,652	$ 413,709
Employee wages and benefits	**352,485**	142,733	209,752
Share-based payments	**105,133**	327,080	(221,947)
Office and administration	**84,633**	6,523	78,110
Depreciation and amortization	**42,397**	150	42,247
Advertising and promotional	**98,239**	16,487	81,752
Shipping and installation	**1,295**	-	1,295
	$ **1,243,543**	$ 638,625	$ 604,918

	Year ended August 31		
	2022	2021	Change
Consulting and professional fees	$ **2,100,809**	$ 307,897	$ 1,792,912
Employee wages and benefits	**1,104,748**	142,733	962,015
Share-based payments	**641,547**	327,080	314,467
Office and administration	**294,986**	26,280	268,706
Depreciation and amortization	**154,695**	150	154,545
Advertising and promotional	**130,342**	67,487	62,855
Shipping and installation	**39,920**	-	39,920
	$ **4,467,047**	$ 871,627	$ 3,595,420

The Company's operating expenses of $1,243,543 and $4,467,047 during the three months and year ended August 31, 2022, respectively, represent increases from the operating expenses of $638,625 and $871,627 incurred during the three months and year ended August 31, 2021, respectively. The Company's expenses related to consulting fees, employee wages and benefits, shipping and installation costs, and advertising and promotional during the three months and year ended August 31, 2022, are attributable to the Company's launch of its sales of electric vehicle charging solutions, which resulted in its initial revenue during the period. Additionally, the Company has seen increases in office and administrative expenses because of increased general corporate activity as well as increases from share-based payments and depreciation related to share-based compensation and depreciation of the Company's newly acquired equipment, respectively.

Other expense (income), net

	Three months ended August 31		
	2022	2021	Change
Transaction costs	$ **118,200**	$ -	$ 118,200
Impairment of goodwill	**2,127,955**	-	2,127,955
Foreign exchange gain, net	**(6,508)**	(15,236)	8,728
Interest expense, net	**4,402**	-	4,402
Other income	**(523)**	-	(523)
Impairment of investment	**-**	37,362	(37,362)
Realized gain on investment	**-**	33,013	(33,013)
Unrealized loss on investment	**-**	80,978	(80,978)
	$ **2,243,526**	$ 136,117	$ 2,107,409

	Year ended August 31		
	2022	2021	Change
Transaction costs	$ **3,180,739**	$ -	$ 3,180,739
Impairment of goodwill	**2,127,955**	-	2,127,955
Foreign exchange loss (gain), net	**14,824**	(15,236)	30,060
Interest expense, net	**21,040**	-	21,040
Gain on sale of property and equipment	**(569)**	-	(569)
Other income	**(892)**	-	(892)
Impairment of investment	**-**	37,362	(37,362)
Realized gain on investment	**-**	(53,350)	53,350
Unrealized loss on investment	**-**	37,638	(37,638)
	$ **5,343,097**	$ 6,414	$ 5,336,683

The Company's other expenses were $2,243,526 and $5,434,097 during the three months and year ended August 31, 2022, respectively, compared to other expense of $136,117 and $6,414 during the three months and year ended August 31, 2021, respectively. Amounts during the three months and year ended August 31, 2022 were mainly the result of the Company's acquisition of Spark and the increase in this expense is primarily related to an impairment charge of $2,127,955 during the three months and year ended August 31, 2022, and non-cash transaction costs and shares issued as an advisory fees in the Spark and CoSource acquisitions, as well as the fair value of contingent shares to be paid out upon meeting specific earn-out conditions during the four years subsequent to the respective acquisitions, of which the Company incurred expense during the three months and year ended August 31, 2022 of $118,200 and $3,180,739, respectively. During the year ended August 31, 2021, the Company's activity was the result of unrealized gains on the Company's investment in Thoughtful Brands along with realized gains and losses as a result of the concurrent exit from such investment.

Selected Annual Information

Year ended August 31		**2022**		2021		2020
Revenue	**$**	**484,218**	$	-	$	-
Loss		**9,641,448**		878,041		53,421
Total assets		**9,302,818**		3,284,170		160,420
Non-current financial liabilities		**90,636**		-		-

Fluctuations during the years ended August 31, 2022, 2021 and 2020 include the following:

- Revenue: The Company earned its first revenue during the year ended August 31, 2022.
- Loss: The Company has experienced increased net losses in each period compared to the prior period as a result of increased costs incurred as a result of increased corporate activity as well as the costs of driving revenue and costs associated with two acquisitions during the year ended August 31, 2022.
- Total assets: The Company's increase in assets is primarily the result of an increase in cash (including escrow) as a result of two private placements completed during the year ended August 31, 2022. Other increases include accounts receivable related to the Company's initial sales during the year ended August 31, 2022 and increases in prepaid expense and inventory related to the Company's initial revenue as well as increases in property and equipment from the acquisition of new assets to service the Company's expanding operations and a right-of-use asset from a lease entered into during the year ended August 31, 2022.
- Non-current financial liabilities: Comprised of the non-current portion of a lease liability associated with a lease entered into during the year ended August 31, 2022. The Company did not have any lease liabilities during the years ended August 31, 2021, and 2020.

Summary of Quarterly Results

		August 31, 2022		May 31, 2022		February 28, 2022		November 30, 2021
Revenue	$	**371,081**	$	68,835	$	3,002	$	41,300
Total comprehensive (loss) income		**(3,361,491)**		(2,519,632)		(1,075,618)		(2,684,707)
(Loss) earnings per share, basic and diluted		**(0.07)**		(0.05)		(0.02)		(0.07)
Total assets		**9,302,818**		6,643,280		7,526,381		8,810,636
Total liabilities		**1,338,779**		1,192,203		1,052,233		1,086,965

		August 31, 2021		May 31, 2021		February 28, 2021		November 30, 2020
Revenue	$	-	$	-	$	-	$	-
Total comprehensive (loss) income		(774,742)		(210,868)		(50,350)		157,919
(Loss) Earnings per share, basic and diluted		(0.03)		(0.02)		(0.01)		0.02
Total assets		3,284,170		2,774,290		256,434		315,020
Total liabilities		1,037,275		50,000		6,883		15,119

Liquidity and Capital Resources

The Company's working capital was $7,702,246 at August 31, 2022 compared to $2,207,492 at August 31, 2021. The Company had cash and cash equivalent and cash held in escrow of $6,793,782 at August 31, 2022 compared to $3,023,188 at August 31, 2021. As of August 31, 2022, the Company had cash held in escrow of $5,674,424 related to a financing completed in June 30, 2022 in which the conditions to release the funds from escrow had not yet been met. Subsequent to August 31, 2022, in September 2022, the conditions to release the funds from escrow had been met.

Cash used in operating activities for the year ended August 31, 2022, was $4,574,186 compared to $383,711 during the year ended August 31, 2021. Cash used in operating activities during the year ended August 31, 2022 was the result of a net loss of $9,641,448 and working capital adjustments to accounts receivable of ($482,368), inventory of ($968,036), prepaid expenses and other current assets of ($369,597) and a non-cash gain of ($569) associated with the disposition of a vehicle. Offsetting such items was non-cash adjustments of $3,156,066 related to shares issued to the former Spark and CoSource shareholders as well as advisors in each acquisition; an impairment loss of $2,127,955 resulting from the write-down of goodwill recognized from the Spark acquisition from expected synergies which never materialized; share based payments of $641,547 related to the service period of employee stock options, performance warrants payable to a partner, service cost of PSUs issued to employees and consultants, and shares issued to an external consultant for services provided; depreciation and amortization of $154,695 from the Company's property and equipment and right-of-use assets, working capital adjustments of $337,391 from accounts payable and accrued liabilities; $29,365 from holdbacks payable, and $419,045 from deferred revenue. During the year ended August 31, 2021, net cash used in operating activities was the result of net loss of $878,041, adjusted for a realized gain of $(53,350) from the sale of the Company's investment in Thoughtful Brands, a foreign exchange gain of $(15,236), prepaid expenses and other current assets of $(4,646), and security deposit of $(36,855), offset by non-cash items including share-based payments of $327,080, unrealized loss on the Company's investment in Thoughtful Brands of $37,638 and impairment loss on investment of $37,362.

Cash used in investing activities for the year ended August 31, 2022, was $240,071, compared to $226,045 during the year ended August 31, 2021. Cash flows used in investing activities during the year ended August 31, 2022 were the result of purchases of equipment of $157,811 and pre-acquisition advances to Spark of $159,601, offset by cash assumed in the acquisition of Spark of $12,603, repayment of a note receivable of $10,067 and proceeds on disposal of equipment of $54,671. Cash used in investing activities during the year ended August 31, 2021 was the result of pre-acquisition advances to Spark of $201,697, purchases of equipment of $2,698, the purchase of the investment in Thoughtful Brands of $150,000 and proceeds from the sales of a portion of the investment of $128,350.

Cash provided by financing activities was $8,584,851 during the year ended August 31, 2022, compared to $3,472,254 during the year ended August 31, 2021. Cash provided by financing activities during the year ended August 31, 2022, was the result of common shares issued for cash, net of costs of $3,348,254 and proceeds from subscriptions received, currently held in escrow of $5,414,673. Offsetting the increase is $125,450 of payments in connection with the Company's lease liability for its lease of office space and $52,626 from repayments of the debt acquired in the Spark acquisition. Cash provided by financing activities during the year ended August 31, 2021 was also the result of common shares issued for cash, net of costs of $2,655,874 and proceeds of subscriptions from a financing closed during the year ended August 31, 2022, of $816,650.

The Company has not achieved profitable operations and therefore must continue to rely on external financing to generate capital to maintain its capacity to meet working capital requirements. The Company has relied on the issuance of shares to finance its operating activities since inception, which the Company intends to continue to rely upon to finance its planned operations. However, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. Management believes the Company will be able to raise additional funds to meet anticipated administrative expenses and pursue future business opportunities.

The Company is not subject to any externally imposed capital requirements.

Commitments

As at August 31, 2022, the Company has committed to the following undiscounted minimum lease payments:

2023	$	140,400
2024		93,600
Total	$	234,000

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The Company measures related party transactions at the exchange amount which represents the consideration agreed upon between the Company and the related party.

In addition to cash compensation, the Company also permits participation in the Stock Option Plan.

The compensation paid to key management personnel is as follows:

Year ended August 31		**2022**		2021
Wages and benefits	$	**265,544**	$	94,005
Share-based payments		**306,177**		281,353
	$	**571,721**	$	375,358

During the year ended August 31, 2022, in connection with the acquisition of Spark the Company acquired a note receivable from a now former director of the Company totaling $10,067. The loan was collected during the year ended August 31, 2022, and as at August 31, 2022, there is no remaining balance.

During the year ended August 31, 2022, in connection with the acquisition of Spark, the Company assumed a note payable from an entity controlled by close family members of a now former director of the Company totaling $7,749. As at August 31, 2022, the balance of the note of $7,749 is unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

During the year ended August 31, 2022, in connection with the acquisition of Spark, the Company assumed a note payable from an entity controlled by a Company director and a close family member totaling $49,771. As at August 31, 2022, the balance of the note of $49,771 is unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

During the year ended August 31, 2022, in connection with the acquisition of CoSource, the Company assumed a note payable to a close family member of an officer of the Company totaling $34,771. During the year ended August 31, 2022, the Company repaid $23,500 to the noteholder. As at August 31, 2022, the balance of the note of $11,271 is unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

During the year ended August 31, 2022, included within consulting and professional fees is expense of $221,081 (2021 - $45,406) incurred for professional fees provided by 1006098 B.C. Ltd. dba PubCo Reporting, an entity significantly influenced by the Company's CFO. As at August 31, 2022, the Company has a balance payable to this entity of $20,499 (August 31, 2021 - $47,677) included in accounts payable. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

During the year ended August 31, 2021, the Company paid $37,725, to a Company controlled by a family member of the Company's former CFO and former director for consulting services. As at August 31, 2022, the Company has a balance payable to this entity of $nil (August 31, 2021 - $1,066) included in accounts payable. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

Included in accounts payable and accrued liabilities at August 31, 2021 was $12,246 due to related parties. There are no amounts payable to related parties included in accounts payable and accrued liabilities at August 31, 2022. The amounts are unsecured, non-interest bearing, and has no fixed terms of repayment.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Company's financial statements requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Based on historic experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Areas requiring a significant degree of estimation and judgment in the financial statements for the year ended August 31, 2022, include the going concern assumption, accounting for the Spark acquisition as a business combination, accounting for the CoSource acquisition as an asset acquisition, determination of lease incremental borrowing rate, valuation of the Company's accounts receivable and inventory and determination of recognition of revenue.

Accounting Pronouncements Not Yet Adopted

The following accounting standards and amendments have been issued by the IASB or the International Financial Reporting Interpretations Committee that are not yet effective as of the date of the Company's consolidated financial statements. The Company intends to adopt such standards upon the mandatory effective date.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022. The Company is evaluating the impact of the above amendments on its consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023. The Company is evaluating the impact of the above amendments on its consolidated financial statements.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, term deposits, accounts receivable, note receivable, accounts payable, lease liability and contingent consideration. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and accounts receivable. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. At August 31, 2022, there was one customer with amount outstanding that exceed 10% of the Company's trade accounts receivable that totaled 19% in aggregate. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has sufficient cash to meet its current liabilities at August 31, 2022. The Company assessed liquidity risk as low.

Foreign exchange risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

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. The Company is not exposed to significant interest rate risk.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties that may significantly impact its financial condition and future financial performance. Prospective investors should carefully consider the risks described below, together with all the other information included in this MD&A, before making an investment decision.

No History of Profitable Operations

The Company has not achieved profitable operations or paid any cash dividends, and it is unlikely to produce profitable earnings or pay dividends in the immediate or foreseeable future.

Availability of Financing

The Company will be competing with other companies in the capital market for available financing. There is no assurance that the Company will be able to obtain sufficient financing, if at all.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time, and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the

Company in future periods, including the possible impact on future financing opportunities.

On February 24, 2022, Russian troops started to invade Ukraine. In response to this military action, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

On April 12, 2022, the Company was notified of a civil claim filed by AddEnergie/Flo for unlawful solicitation of AddEnergie/FLO's prospective customers and business opportunities. The Company believes the claim is without merit and has multiple valid arguments to defend against the claim. Management has assessed the probability of loss as unlikely and the possible damages to be indeterminate. As of August 31, 2022, no provision has been recorded.

Outstanding Share Data

Our share capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, we had 61,371,704 common shares issued and outstanding, 7,310,253 warrants, 2,385,000 stock options, and 1,876,336 performance share units and 800,000 restricted share units.

Other MD&A Requirements

Additional information relating to our Company may be found on SEDAR at www.sedar.com.