Hypercharge Networks Corp

Management Discussion & Analysis
For the four months ended December 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 unaudited condensed consolidated interim financial statements for the four months ended December 31, 2022 and 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, including IAS 34, Interim Financial Reporting 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 February 14, 2023 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 February 14, 2023.

Business Overview

Hypercharge Networks Corp provides smart electric vehicle (EV) charging solutions that help our partners grow their business, accelerating the adoption of electric vehicles and the shift towards a carbon neutral economy.

During the four months ended December 31, 2022, the Company achieved the following milestones:

- Closed deals across eight provinces in Canada and one state in the US
- Completion on an initial public offering with common shares trading on the NEO Exchange under the symbol "HC" in Canada, and subsequently on the Frankfurt Stock Exchange under the symbol "PB7".
- The company produced its first $1M ($1,019,638) total revenue quarter over the three months ended December 31,2022
- Sold over 1,400 new charging ports across North America and continues to build a strong pipeline of opportunities
- Delivered its first level 3, DC fast charging station
- Established a new partnership with ParkCo to develop integrations between the Hypercharge and ParkCo platforms

On January 13, 2023, the Company issued 200,000 common shares upon the vesting of 200,000 previously issued restricted share units ("RSUs").

On January 9, 2023, the Company appointed Navraj Dosanjh as the Company's full-time Chief Financial Officer. In connection with the appointment of Mr. Dosanjh, the Company has approved a grant of 200,000 incentive stock options (the "Options") and 100,000 RSUs pursuant to the Company's Equity Incentive Plan. The Options are exercisable at a price of $0.50 per share for a 3-year term and the RSUs are to vest over a period of 2 years.

On December 6, 2023, the Company appointed Trent Kitsch as an independent member of the Board of Directors. In connection with his appointment as a director, Mr. Kitsch has replaced Liam Firus on the Company's Audit Committee and the Company's Compensation and Corporate Governance Committee. As a result, both committees are now fully composed of independent directors, as required under the rules and policies of the NEO Exchange and the non-venture issuer rules of National Instrument 52-110 Audit Committees.

On November 24, 2022, the Company's Board of Directors determined that it was in the best interest of the Company to change its financial year end from August 31 to March 31. The change of year end will allow the Company to align its financial reporting to calendar quarter reporting, enhancing market comparability and better accommodate audit firm staffing constraints. The change in year-end results in the current period reflecting results for the four months ended December 31, 2022, while the comparative period is for the three months ended November 30, 2021.

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

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

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 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 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 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 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 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 November 16, 2022, 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.

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 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 within 15 days of November 16, 2022, the completion of the Company's initial public offering ("IPO"). During the four months ended December 31, 2022, the Company settled the remaining notes payable balance of $86,647 through the issuance of 154,725 common shares of the Company's share capital at a loss of $7,735. There is no notes payable balance outstanding as at December 31, 2022.

The Consideration Shares will be held in escrow and released over a 36-month period, beginning on November 16, 2022, the date the Company 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.

Results of Operations

At December 31, 2022, the Company had not achieved profitable operations and had accumulated losses of $12,645,679 since inception (August 31, 2022 - $10,349,458). 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 four months ended December 31, 2022 and three months ended November 30, 2021:

		Four months ended December 31, 2022		Three months ended November 30, 2021		Change
Revenue	$	**1,235,334**	$	41,300	$	1,194,034
Cost of goods sold		**(965,947)**		(28,130)		(937,817)
Gross profit		**269,387**		13,170		256,217
Operating expenses		**(2,761,115)**		(813,746)		(1,947,369)
Other income (expenses)		**30,307**		(1,884,131)		1,914,438
Net and comprehensive loss	$	**(2,461,421)**	$	(2,684,707)	$	223,286

The decrease in net loss of $223,286 experienced during the four months ended December 31, 2022 was mainly the result of the following:

- Increased gross profit of $256,217 due to increased sales volume;
- Increased operating expenses as a result of the hiring key personnel to further enable increasing business efforts, professional fees for both audit and legal, regulatory compliance, corporate issuer fees, and investor relations.
- Further contributing to the increased operating expenses were non-cash expenses of $506,545 from share-based payments and depreciation and amortization of $76,641
- Offsetting is a decrease in other expenses of $1,914,438 as a result of $1,887,868 of transaction costs related to the Spark acquisition during the three months ended November 30, 2021 in which there was no comparable expense during the current period.

Revenue

		Four months ended December 31, 2022		Three months ended November 30, 2021		Change
EV charging equipment	$	**1,160,368**	$	40,050	$	1,120,318
Other revenue		**74,966**		1,250		73,716
	$	**1,235,334**	$	41,300		1,194,034

During the four months ended December 31, 2022, the Company recorded revenue of $1,235,334 compared to $41,300 during the three months ended November 30, 2021. The Company's EV charging equipment consists of electric vehicle charging stations and ancillary products related to their operation, in addition to SaaS subscriptions, charging and other services related to the operating platform.

Cost of goods sold

		Four months ended December 31, 2022		Three months ended November 30, 2021		Change
Cost of goods sold	$	**965,947**	$	28,130	$	937,817

During the four months ended December 31, 2022, the Company recorded cost of goods sold of $965,947 compared to $28,130 during the three months ended November 30, 2021. Cost of goods sold are 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 incurred from the charging stations operated by the Company and its strategic partner and direct costs of the Company's SaaS operations.

Operating expenses

		Four months ended December 31, 2022		Three months ended November 30, 2021		Change
Consulting and professional fees	$	**757,749**	$	370,126	$	387,623
Employee wages and benefits		**750,137**		175,836		574,301
Share-based payments		**506,545**		92,515		414,030
Office and administration		**368,801**		46,744		322,057
Depreciation and amortization		**76,641**		33,593		43,048
Advertising and promotional		**241,879**		93,576		148,303
Shipping and installation		**59,363**		1,356		58,007
	$	**2,761,115**	$	813,746	$	1,947,369

The Company's operating expenses of $2,761,115 during the four months December 31, 2022, represents a $1,947,369 (239%) increase of $813,746 incurred during the three months ended November 30, 2021. The Company's expenses related to consulting and professional fees are from audit, legal, regulatory compliance and other corporate issuer costs stemming from its initial public offering, whereas employee wages and benefits increased from hiring key personnel to support business growth. The lower operating expenses during the three months ended November 30, 2021, are attributable to the Company's initial launch of business and its sales of electric vehicle charging solutions, which resulted in lower direct and variable costs during the period. Additionally, the Company has seen increases in office and administrative expenses because of increased general corporate activity as well as increases in share-based payments from non-cash expenses related to share-based compensation and depreciation and amortization related to the Company's right-of-use assets, respectively.

Other expense (income), net

		Four months ended December 31, 2022		Three months ended November 30, 2021		Change
Transaction costs	$	**-**	$	1,887,868	$	(1,887,868)
Change in fair value of contingent consideration		**-**		(23,993)		23,993
Loss on settlement of debt		**7,735**		-		7,735
Gain on sublease arrangement		**(22,149)**		-		(22,149)
Foreign exchange loss (gain)		**(6,579)**		15,700		(22,279)
Interest (income) expense, net		**(8,716)**		4,556		(13,272)
Other income		**(598)**		-		(598)
	$	**(30,307)**	$	1,884,131	$	(1,914,438)

The Company's other income was $30,307 during the four months ended December 31, 2022, respectively, compared to other expenses of $1,844,131 during the three months ended November 30, 2021. Other income during the four months ended December 31, 2022 was mainly the result of a gain on a sublease arrangement entered into during the period for office space previously used by the Company and net interest income earned during the period on funds held in escrow of $18,485 offset by interest expense of $10,001 resulting from the Company's lease liabilities. The Company's other expenses of $1,884,131 during the three months ended November 30, 2021 was primarily the result of non-cash transaction costs of $1,887,868 related to the 6,000,000 shares issued to the vendors in the acquisition of Spark; 4,219,670 shares issued as an advisory fee in the Spark acquisition as well as the fair value of 2,000,000 contingent shares to be paid out upon meeting specific earn-out conditions in the three years subsequent to the acquisition.

Summary of Quarterly Results

	December 31 2022(*)	August 31, 2022	May 31, 2022	February 28, 2022
Revenue	$ **1,235,334**	$ 371,081	$ 68,835	$ 3,002
Total comprehensive loss	**(2,461,421)**	(3,361,491)	(2,519,632)	(1,075,618)
Loss per share, basic and diluted	**(0.04)**	(0.07)	(0.05)	(0.02)
Total assets	**7,926,572**	9,302,818	6,643,280	7,526,381
Total liabilities	**1,911,883**	1,338,779	1,192,203	1,052,233

	November 30, 2021	August 31, 2021	May 31, 2021	February 28, 2021
Revenue	$ 41,300	$ -	$ -	$ -
Total comprehensive loss	(2,684,707)	(774,742)	(210,868)	(50,350)
Loss per share, basic and diluted	(0.07)	(0.03)	(0.02)	(0.01)
Total assets	8,810,636	3,284,170	2,774,290	256,434
Total liabilities	1,086,965	1,037,275	50,000	6,883

(*) – Reflects a four month period as a result of the Company's change in year-end to March 31st

Liquidity and Capital Resources

The Company's working capital was $5,738,667 at December 31, 2022 compared to $7,702,246 at August 31, 2022. The Company had cash of $4,104,748 at December 31, 2022 compared to cash and cash equivalent and cash held in escrow of $6,793,782 at August 31, 2022. The Company's cash held in escrow of $5,674,424 at August 31, 2022 was related to a financing completed in June 30, 2022 in which the conditions to release the funds from escrow had not yet been met. In September 2022, the conditions to release the funds from escrow had been met.

Cash used in operating activities for the four months ended December 31, 2022, was $2,379,501 compared to $1,152,392 during the three months ended November 30, 2021. Cash used in operating activities during the four months ended December 31, 2022 was the result of a net and comprehensive loss of $2,461,421 and working capital adjustments to accounts receivable of ($546,333), prepaid expenses and other current assets of ($430,508), deferred revenue of $(251,242), holdbacks payable of $(19,162) and a non-cash gain of ($22,149) associated with a sublease of office space formerly utilized by the Company. Offsetting such items was working capital adjustments to inventory of $181,957 and accounts payable and accrued liabilities of $568,405, as well as non-cash adjustments of $506,545 of share-based payments, depreciation and amortization of $76,641, accretion from lease liabilities of $10,001 and a loss on the settlement of debt of $7,735. Cash used in operating activities of $1,152,392 during the three months ended November 30, 2021, was the result of a net and comprehensive loss of $2,684,707. Non-cash adjustments of $1,887,868 related to shares issued to the former Spark shareholders and advisors in the Spark acquisition, $(23,993) from the change in fair value of the contingent consideration to be issued upon achievement of the earn-outs, share based payments of $92,515 related to the service period of employee stock options and performance warrants payable to a partner, and depreciation and amortization of $33,593 from the Company's equipment and right-of-use assets. The Company also had working capital adjustments of $(58,280) from accounts receivable, $(29,797) from inventory, $(460,675) from prepaid expenses and other current assets and $86,524 from accounts payable and accrued liabilities.

Cash used in investing activities for the four months ended December 31, 2022, was $13,916, compared to $213,544 during the three months ended November 30, 2021. Cash flows used in investing activities during the four months ended December 31, 2022 was comprised entirely of purchases of equipment. Cash flows used in investing activities of $213,544 during the three months ended November 30, 2021, were the result of purchases of equipment of $66,546, pre-acquisition advances to Spark of $159,601, and cash assumed in the acquisition of Spark of $12,603.

Cash used financing activities was $295,617 during the four months ended December 31, 2022, compared to $3,112,574 provided during the three months ended November 30, 2021. Cash used in financing activities of $295,617 during the four months ended December 31, 2022 was a result of $228,579 of share issuance costs paid from the cash held in escrow at the beginning of the period and $107,038 associated with payments in connection with the Company's leased office spaces, offset by $40,000 received from exercises of stock options. Cash provided by financing activities of $3,112,574 during the three months ended November 30, 2021, was the result of common shares issued for cash, net of costs, of $3,164,450 offset by $22,750 of payments in connection with the Company's lease liability for its lease of office space and repayment of a note payable of $29,126,

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 December 31, 2022, the Company has committed to the following undiscounted minimum lease payments:

Year ended March 31:		
2023 - remaining	$	78,886
2024		318,338
2025		197,411
2026		70,590
Total	$	665,224

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 the now former Chief Financial Officer (the "Former 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:

		Four months ended December 31, 2022		Three months ended December 31, 2021
Wages and benefits	$	**208,135**	$	94,185
Share-based payments		**298,288**		45,288
	$	**506,423**	$	139,473

During the four months ended December 31, 2022, included within consulting and professional fees is expense of $77,151 (three months ended November 30, 2021 - $17,750) incurred for professional fees provided by 1006098 B.C. Ltd. dba PubCo Reporting, an entity significantly influenced by the Company's Former CFO. As at December 31, 2022, the Company has a balance payable to this entity of $11,018 (August 31, 2022 - $20,499) included in accounts payable. The amount is unsecured, non-interest bearing, and had no fixed terms of repayment.

During the three months ended November 30, 2021, 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 subsequently collected and as at December 31, 2022 and August 31, 2022, there is no remaining balance. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

During the three months ended November 30, 2021, 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. During the four months ended December 31, 2022, the Company paid the remaining balance of $7,749 through the issuance of 38,176 common shares of the Company's share capital. As at December 31, 2022, there is no remaining balance (August 31, 2022 - $7,749). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

During the three months ended November 30, 2021, in connection with the acquisition of Spark the Company assumed a note payable from an entity controlled by a now former Company director and a close family member totaling $49,771. During the four months ended December 31, 2022, the Company paid the remaining balance of $49,771 through the issuance of 88,877 common shares of the Company's share capital. As at December 31, 2022, there is no remaining balance (August 31, 2022 - $49,771). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

During the three months ended November 30, 2021, the Company paid $4,725 for consulting services to a Company controlled by a family member of a former CFO and director of the Company. As at December 31, 2022, the Company has a balance payable to this entity of $nil (August 31, 2021 - $nil) included in accounts payable. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

As at December 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. As at December 31, 2022, the remaining balance payable was $11,573 (August 31, 2022 -$11,271). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

There are no amounts payable to related parties included in accounts payable and accrued liabilities at December 31, 2022. T

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 four months ended December 31, 2022, include the going concern assumption, determination of lease incremental borrowing rate, valuation of the Company's accounts receivable and inventory and determination of recognition of revenue.

New accounting pronouncements adopted

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

On September 1, 2022, the Company adopted the amendments to IAS 37, which 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).

There was no impact to the Company's condensed consolidated interim financial statements as a result of the impact of the adoption of the amendments to IAS 37.

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.

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

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, accounts receivable, and lease receivable. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. At December 31, 2022, there was three customers with amount outstanding that exceed 10% of the Company's trade accounts receivable that totaled 54% in aggregate (Customer A – 23%; Customer B – 16%; Customer C – 16%). As at August 31, 2022 there was one customer with a balance outstanding totaling 19% of the Company's trade accounts receivable. 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 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 December 31, 2022, no provision has been recorded.

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 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.

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 61,901,4,29 common shares issued and outstanding, 7,310,253 warrants, 2,956,721 stock options, and 1,751,336 performance share units and 1,000,000 restricted share units.

Other MD&A Requirements

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