Legible Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2022

(Expressed in Canadian dollars)

This Management Discussion & Analysis (“MD&A”) of Legible Inc. and its subsidiary (referred to as the “Company” or “Legible”) was prepared by management as of May 1, 2023, and was reviewed and approved by the Board of Directors of Legible. The following discussion of performance, financial condition and future prospects should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2022, and the notes thereto (the “Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). This discussion covers the year ended December 31, 2022, and the subsequent period up to the date of issue of this MD&A.

The Company has prepared this MD&A following the requirements of National Instrument 51-102 (“NI-51-102”). These statements are filed with the relevant regulatory authorities in Canada. All currency amounts are expressed in Canadian dollars, unless otherwise noted.

DESCRIPTION OF BUSINESS AND CORPORATE INFORMATION

Legible is an e-book entertainment and media company that has developed a browser-first, globally distributed reading and publishing platform and online bookstore that offers a sophisticated and immersive reading experience to anyone with an internet-enabled device anywhere in the world, while solving key challenges faced by readers, publishers, and authors. This includes providing global access to literature without the need for e-readers and apps, improving the capacity to showcase marginalized voices, opening new device-agnostic markets, and innovating new digital publishing and AI-powered book discovery formats.

Legible has also developed a global B2B ebook conversion and production service with high revenue potential called Legible Publishing — a world-class high-volume digital conversion service for publishers and organizations and a remediation service of ebook content for the accessibility community. Legible Publishing also creates multimedia ebooks, branded as Living Books, which empower authors and publishers to deliver dynamic and unique content.

Legible is positioned to offer delightful, accessible, and immersive reading experiences, a full subscription service, and a diverse catalogue of compelling media-rich (video, audio, animation, augmented reality) Living Books - exclusive and original to Legible - which will provide the opportunity to create new partnerships and unique publishing opportunities in the industry.

The Company and its wholly owned subsidiary, Legible Media Inc., were incorporated under the Alberta Business Corporations Act and the British Columbia Business Corporations Act, respectively. The Company’s common shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol READ and trading commenced on December 1, 2021. On January 10, 2022, the Company’s common shares commenced trading on the Frankfurt Stock Exchange (“FSE”) under the trading symbol D0T (D/zero/T). On January 25, 2023 the Company began trading on the U.S. based OTCQB Venture Market under the trading symbol LEBGF.

BUSINESS HIGHLIGHTS

Past Challenges, Aggressive Cost Reduction Initiatives, and Current Difficulties

Legible listed to trade its shares on December 1, 2021, just as headwinds began to be arrayed against all startups, coupled with a war and certain economic factors. Legible subsequently struggled to secure adequate funding in a timely fashion in the newly challenging investment market because of continuous retractions that occurred over several months. These challenging conditions together with certain internal performance issues drove plans to reorganize and optimize existing resources.

In early April 2022, the Company underwent a company-wide restructuring program that included a significant departure of staff in an effort to aggressively reduce costs and better position itself in the rapidly changing economic and financial climate while continuing to advance its crucial strategic priorities. From a high of 74 employees and numerous consultants, the Company currently operates, out of necessity, with a staff complement of 11 employees, after the voluntary departures of the Director of Curation in September, and the Operations Manager and IT Manager in December, with those duties being assumed, for the most part, by the combined position of Chief Publishing Officer (CPO)/Chief Operations Officer (COO). Compensation pertaining to the CEO, CPO/COO, CFO, and EVP Global Strategic Partnerships has been dramatically reduced and although the Company will continue to accrue director fees for standing independent directors, these fees will be converted into equity in subsequent financings. The Company has slashed its monthly cash burn to less than $170K as it continues to streamline operations and to build a path to revenues in Q2 2023. The key focus is cash preservation, as nothing is more important for now, and to focus on trying to maximize the most from the investment in staff.

The reduction in capacity also means that the Company is challenged to achieve results that could be turned around much more quickly with a full complement of staff. However, the entire team has shown immense dedication to delivering value for shareholders and customers alike, and has continued to build the Company's products and offerings using every aspect of means, at its disposal.

Business Approach

Legible seeks to lead the digital publishing industry and gain market share through innovative, twenty-first century publishing and reading experiences delivered via any browser-enabled device with access to the internet. It is on a mission to provide delightful, immersive, ebook entertainment experiences to readers through well-constructed, content-dynamic books, while promoting its core values of sustainability, accessibility, and global literacy.

Legible's major differentiators are its browser-based reading system, which enables customers to read seamlessly anywhere on any internet-enabled device, and the fact that this also makes it possible to embed video and audio for unique reading entertainment and education experiences, known as Living Books, which are produced by Legible's publishing vertical along with regular eBooks as a significant additional source of revenue. Legible is now in discussions with several major players in the entertainment space regarding partnerships to develop globally desirable Living Book products with digital collectible tie-ins. Legible sets itself apart with these differentiators, which also include important sustainability and accessibility benefits – there is no need for e-readers or printed books, reducing e-waste and deforestation, and customers can access Legible's products anywhere online (soon to be offline as well with the launch of Legible's Wander app expected in Q3 2023).

Latest Developments, Strategy, and Struggles

The Company launched two key products – its partnerships with Metrolinx and celebrity author Mr. T. Harv Eker, in addition to its current offering of a la carte book purchases in the U.S., Canada, the U.K. and Ireland and its continued positioning for key development needed to finalize its core scalable business offering of subscription-based reading.

The product launches both struggled to perform, however, due to challenges that were outside of Legible's control, including catastrophic technical glitches on the part of its biggest partnership, Metrolinx, which persisted until mid-February 2023, and the unexpected unavailability on the part of its other major partner, celebrity author, Mr. T. Harv Eker.

Despite these setbacks and additional challenges, including difficulty with raising adequate funding in a timely manner to invest in marketing and other areas to compensate for these issues, Legible continued to invest in product development along with other efforts to drive growth.

Corporate Update

In June and September 2022, Legible closed two respective tranches of an oversubscribed private placement of convertible debenture units at an increased size, closing a cumulative total of $2,225,565, up from the original contemplated amount of $1,000,000. In late November, Legible closed an oversubscribed private placement of units (one common share and one common share purchase warrant per unit), and increased the offering size to $694,566, up from the original anticipated amount of up to $500,000. 6,945,656 units were issued at a price of $0.10 per unit for gross proceeds of $694,566 (less the finder's fee of $3,447 for net proceeds of $691,119; $328,153 of which was settlement of outstanding indebtedness.

On January 10, 2023, Legible received DTC (Depository Trust Company) eligibility approval that its common shares are eligible for electronic clearing and settlement in the U.S. On January 25, 2023, Legible qualified to trade on the OTCQB Venture Market under the symbol LEBGF. These are important milestones for Legible that will help increase its visibility and accessibility to a broader audience of U.S. investors and brokers and build awareness with industry analysts as the Company advances its unique eReading and audiobook offerings.

In February 2023, Legible closed its first tranche of an equity financing for gross proceeds of $438,100 (less the finder's fee of $2,420 for net proceeds of $435,680; $18,000 of which was the settlement of outstanding indebtedness).

Operations Update

In Q4, Legible continued to solidify the foundations for revenue growth for 2023 as follows:

Throughout Q3, the Company worked on completion of an agreement with Metrolinx, the Greater Toronto Hamilton Area ("GTHA") transit authority, to become an official ebook partner of GO Transit, and the contract was signed late October for a start date in early November. GO Transit, a division of Metrolinx, serves a population of more than seven million people in Ontario. GO Transit's train and bus network covers more than 11,000 square kms, helping approximately one million customers get where they need to be, safely and reliably every week. Legible provides a mix of full ebooks and previews, both of which link to Legible's ebookstore, to riders on GO Transit's free GO Plus Wi-Fi entertainment portal.

As planned, in Q4, Legible confirmed terms and launched as the official reading partner of Metrolinx, partnering with publishers to provide full and preview reads on GO Transit's Wi-Fi portal, bringing the Legible brand to their 265,000 daily ridership. Despite technical challenges with the GO Wi-Fi portal in terms of linking to Legible, which negatively impacted Legible's planned festive season revenue opportunity, the Wi-Fi reading option raised brand awareness in the Greater Golden Horseshoe area. Due to the issues, Legible strategically held off on launching its advertising campaigns until the linking issues to Legible's site were fixed (mid-February 2023). Legible launched a regional Book Club with Metrolinx in the latter part of Q1 2023 and now that the linking issues are fixed will begin deploying strategic social messaging as well as advertising campaigns on GO buses and trains to ramp up sales.

To support the success of its publishing services vertical and meet the needs of all readers worldwide, Legible continued to prepare for accessibility certification for both Legible Publishing Services and the platform, as it works towards creating the first born-accessible large-scale Canadian-owned ebookstore. Legible is working towards certification from Benetech, the global gold standard in accessibility, as a core foundation for this goal.

Over one million ebooks are published each year, representing a significant revenue opportunity for Legible, including the additional remediation of ebooks to be accessible, as over 30 million books need remediation and legal pressure on publishers to produce accessible versions is imminent. On January 1, 2025, the EU will impose barriers to sales in Europe, and other countries that follow suit, unless ebooks are accessible to the print-disabled community. Furthermore, 1.3 billion people globally (13% of the world's population), and 62 million Americans (26% of the population), have disabilities that render 90% of the internet inaccessible to them. Legible Publishing is positioned to address this demand from publishers, publishing organizations (corporations and nonprofits), readers and authors to: a) remediate individual books and whole catalogues to accessible ebooks; b) develop born-accessible ebooks, and c) develop dynamic, immersive multimedia Living Books - a unique, differentiated rich media offering that can only be hosted and read on Legible's browser-based system.

Legible is undertaking multiple activities to support accessibility certification including staff training, workflow development, and planning for updates to the core product – the book platform – to enable better print-disabled reading and search functions. Through these activities Legible is developing what will be the only large-scale Canadian-owned retail outlet for accessible ebooks in North America. Legible's Benetech certification will also position Legible to work with publishers from the EU who are preparing to meet the incoming 2025 accessibility requirements, along with publishers in every market who will be motivated to follow suit.

In Q4, Legible continued onboarding thousands of titles to the platform weekly, boosting the online bookstore's offering in preparation for its marketing campaign launch. In October, Legible completed onboarding hundreds of thousands of new titles from Ingram Content Group CoreSource®, one of the largest digital asset management and distribution platforms in the world with approximately 1.5 million books from 750 publishers, increasing Legible's catalogue to close to 2 million books and making it one of the biggest Canadian-owned ebookstores.

Also, in Q4, Legible capitalized on the November launch of OpenAI's ChatGPT3 to begin developing and implementing one of the world's very first conversational ecommerce book discovery search tools for addition to Legible's ebookstore, called the LibrarianAI. Industry research shows that the longer a customer stays on your website the more likely they are to make a purchase, and the LibrarianAI, which as of March 2023, is in Closed Beta, with full launch expected in late April, allows people to ask detailed and specific questions as they look for books, including features no one has had access to in the past such as asking the LibrarianAI to respond in the style of a novel's character, or analyzing key aspects of philosophy, while providing related recommendations for books available for sale on Legible.

Legible also deployed development of updates required to generate sales in the rest of the world outside its original markets in Canada, the U.S., and the U.K., expanding the capacity to purchase books to any country using U.S. dollars. This development lays the foundation for global partnerships with publishers, authors, and literacy organizations in countries in the developing world, where the cultural norm for reading is the smartphone – this is one of the core goals of Legible's business model and underpins the Company's capacity to scale globally.

Legible continued to develop its capacity to offer Audiobooks via partnership with Beat.io, which will be integrated into the ebook experience, rather than forcing users to a different website or device for access. Audiobooks will be offered for a la carte purchase and will also become part of Legible's subscription offering later in 2023.

The Company continues to develop its Legible Unbound Subscription offering, also via partnership with Beat.io, with unlimited access to the titles in the Legible subscription catalogue, including Living Books developed by Legible Publishing, targeted for launch in Q2/Q3 2023. Legible will expand Unbound to include Legible Kids, and

Legible Education. Each of these revenue sources will be supported by robust and strategic marketing and awareness campaigns.

Legible is also positioning for investment in product development for its app, Legible Wander, also via partnership with Beat.io, which will allow for offline reading with continuous synchronization to Legible.com, with targeted launch in Q2/Q3 2023. The apps availability will provide the ability to boost bookstore sales as customers will appreciate the ability to read offline, anywhere, anytime.

Delivery of the above three offerings has been delayed by the Company's difficulty in raising adequate funds as it has prevented full payment of the interim commitment to Beat.io as the three products are implemented. The Company expects completion of this package of development work in latter Q2 2023, subject to raising sufficient capital to proceed.

Appointment of Key Advisors

In July 2022, the Company announced the appointment of Robyn Marshall to Legible's Advisory Board. Ms. Marshall has over a decade of experience in capital markets and investment banking, with expertise in debt reduction, capital raising, and market acceleration. Having worked in both the U.S. and Canada, Ms. Marshall most recently worked as a Vice President in Equity Capital Markets at J.P. Morgan in New York City. While at J.P. Morgan, Ms. Marshall provided strategic advisement and execution on over one hundred public and private equity raises for various issuers raising over US$100 billion in proceeds. Previously, Ms. Marshall worked in the Global Investment Banking division at RBC Capital Markets in Calgary, Alberta.

In January 2023, Legible announced the appointment of Peter Diemer as a Strategic Advisor. Mr. Diemer is an entertainment, media, & technology executive with global experience and an outstanding track record in promoting, developing, and growing world-class brands. He is a dynamic entrepreneur and the co-founder of Majik Bus Entertainment, a partnership with CBC to develop music-related content from one of the world's largest untapped television and radio archives. Majik Bus Entertainment was an early adopter and developer of blockchain registration and verification for both digital and physical items. Mr. Diemer is former VP, Strategic Development of Live Nation Entertainment, the world's leading live entertainment company comprised of global market leaders: Ticketmaster, Live Nation Concerts, and Live Nation Sponsorship. He has held senior executive positions for Capitol-EMI and MCA/Universal Records, where he managed artist and media relations, radio and television promotion, and governmental affairs, and Hip Digital Media, a pioneer in online media distribution. Mr. Diemer was an Advisor for LoungeBuddy, the award-winning Global Travel App for airport lounge access, (acquired by American Express) and was VP of Marketing and Sales for Yangaroo. Legible is now in active discussions with Mr. Diemer regarding the development of Living Books for global music celebrities.

New Partnerships

Also, in January 2023, Legible announced a new partnership with King Features Syndicate, a unit of Hearst. King Features is a premier producer and distributor of the world's most iconic intellectual properties, with a portfolio that is one of the longest-running consumer products programs in the industry, including world-renowned pop culture brands such as Popeye®, Cuphead, Flash Gordon™, The Phantom™, Hägar the Horrible, Moomin, Prince Valiant® and Mandrake the Magician. King Features also distributes beloved comics including Blondie, Beetle Bailey, Mutts, and dozens of others as well as columns, editorial cartoons and puzzles across multiple platforms and content providers around the globe. Legible will offer classic and new King Features comics to readers across Canada via the Company's browser-based, mobile first online bookstore and reading platform. Legible will also explore collaboration with King Features to develop unique animated digital comics and interactive puzzles and games through Legible Publishing's Living Books vertical, coming in Q3 2023.

Publishers

As of the date of this MD&A, Legible has publisher agreements with the following: Hachette Book Group, Harper Collins US, Harper Collins UK, Harper Collins Australia, Harlequin, Simon and Schuster US, Simon, and Schuster Canada, MacMillan Publishers, Scholastic, New Society Publishers, Dundurn Press, Lukeman Literary Group, Sourcebooks, Tyndale, Open Road Integrated Media, King Features (a division of Hearst), Blackstone Publishing, and several smaller or independent publishers including titles from the Company's in-house publishing group, Legible Publishing Services. These publishers represent approximately 400K titles combined.

In August 2022, Legible added a major distributor, Ingram CoreSource, to the platform which represents approximately 800 publishers representing combined catalogs of over 1.8 million titles worldwide. Some of the largest publishers represented include Author Solutions, Emereo Pty Ltd, Libreka, Elsevier Science & Technology, De Gruyter, Content Technologies, Rowman & Littlefield Publishing Group Inc, Ingram Spark, Kensington Publishing Corp., Faber Factory, SAGE Publications, and The Quarto Group.

Intellectual Property

Legible's vertical integration strategy is designed to protect its expanding intellectual property portfolio and in July 2021 and January 2022, the Company filed 6 trademark applications in Canada and the U.S., respectively, which are pending approval.

Outlook

The Company's primary focus for the coming months is to implement the various revenue streams identified above to help drive the Company first to break-even and then to profitability. For the time being, the Company will need additional funding in the form of debt or equity issuances, or some combination, to create a good runway, clean up its balance sheet and to complete the remaining product development initiatives for market roll-out.

Legible is currently working to close its current financing round, originally announced on January 16, 2023, and increasing to $1.1 million as announced on February 2, 2023, an offering of units at $0.11 per unit by way of a non-brokered private placement. The first tranche of the financing closed on February 2, 2023 for gross proceeds of $438,100 (less the finder's fee of $2,420 for net proceeds of $435,680; $18,000 of which was the settlement of outstanding indebtedness).

Legible continues to work with selected IR firms and other investor networks to support this ongoing work to establish financing as it builds the path to sustained revenues through multiple verticals outlined above. Legible is also working with Capital Events Management Ltd., which curates exclusive live events and virtual meetings where issuers and investors have unique opportunities to connect one-to-one and build lasting relationships.

However, Legible has also decided not to renew contracts with any IR/PR firm until its revenue streams have been activated successfully and its funding stabilized, ensuring that all its resources are dedicated to in-house development and product launches. Legible is working on its own marketing and promotion initiatives with very limited staffing resources and has also received free video promotion to U.S. investors from the PR firm that supports companies listed on the OTCQB.

(Expressed in Canadian Dollars)

SELECTED ANNUAL INFORMATION

The following table summarizes selected audited financial information of the Company from the last three completed years ended December 31:

	December 31, 2022 $	December 31, 2021 $	Date of incorporation on January 22, 2020 to December 31, 2020 $
Revenue	**20,606**	918	-
Net loss for the year ended	**8,782,210**	12,911,461	873,736
Basic and diluted loss per share	**0.13**	0.26	0.03
Cash	**150,439**	832,668	145,849
Total assets	**331,174**	3,533,275	2,078,583
Non-current liabilities	**1,266,719**	-	15,148

RESULTS OF OPERATIONS

YEAR END FINANCIAL RESULTS for the YEAR ENDED DECEMBER 31, 2022

For the year ended December 31, 2022, the Company recorded a net loss of $8,782,210, or $0.13 per share, compared with a net loss of $12,911,461, or $0.26 per share, for the year ended December 31, 2021. Operating expenses for the year ended December 31, 2022, decreased to $7,399,632, compared with $8,263,709 for the previous period in 2021. Expenses were radically reduced in Q2 and continued for the balance of the year as funding was inadequate and the business operated on a "keep the lights barely on" basis, unfortunately. Contracts were signed in the previous year or at the beginning of the year which had a financial impact subsequently. Key changes for the year ended December 31, 2022, compared to 2021, included the following:

- Revenues increased to $20,606 (2021 - $918) with the introduction of Legible Publishing Services ("LPS") in Q3 which yielded $17,846 (2021 - $nil) and e-book sales of $2,760 (2021 - $918).

- Cost of sales were $10,914 (2021 - $942), which included LPS production costs of $9,149 (2021 - $nil), and royalties paid to publishers of $1,765 (2021 - $942).

- Amortization increased to $563,084 (2021 - $364,048) primarily due to the amortization of the technology platform along with additional computer equipment that was procured to support the significant staff hires in the first quarter of the year.

- Consulting fees decreased to $341,392 (2021 - $763,233) due to the significant reduction of business strategy; market research; capital markets advisory; HR and recruiting; corporate development; revenue generation options with different potential streams; executive coaching; community engagement; development of contact categorization and management; communications; and regulatory filing consulting services. Fees were incurred for domestic, U.S. and international sales tax consulting; DTC eligibility work; and SR&ED (scientific research and experimental development) tax credit consulting.

- Development costs decreased to $39,513 (2021 - $142,348) primarily due to dramatically reduced development work from external parties and the shift to use internal resources.

- Directors' fees decreased to $67,000 (2021 - $150,000). Although the Company accrued director fees for standing independent directors, these will continue to be converted into equity, until such time, as the

Company has established a robust treasury. In March 2022, the directors agreed to waive directors' fees that totaled $147,000.

- General and administrative expenses decreased to $319,651 (2021 - $369,981) due to a significantly reduced workforce, but predominantly included commercial general liability, and directors' and officers' insurance premiums and staff recruitment fees.

- Interest increased to $434,215 (2021 - $nil) primarily due to the issuance of two tranches of convertible debentures that included payment in shares of two years of interest at 15% per annum paid in advance; a credit facility; and promissory notes.

- Investor relations expenses increased to $500,625 (2021 - $322,209) as the Company engaged organizations to build support for the business within the investment community through increased activities with institutions, portfolio managers, brokerage firms, and the retail public. Also, included were costs incurred for market making services that provided market stability and liquidity for the Company's common shares. Overall, IR costs were significantly reduced since early Q2.

- Licensing fees increased to $36,060 (2021 - $20,980) due to publisher and software licensing fees of $15,400 (2021 - $7,000), $20,457 (2021 - $13,980) and other $203 (2021 $nil), respectively.

- Marketing costs decreased to $446,096 (2021 - $784,539). The Company started the year by investing in an intricate digital advertising and marketing campaign on multiple social media platforms to build significant brand, and corporate awareness. Also, included were costs, in which the Company's CEO was the keynote speaker at the London book fair. Furthermore, expenses were incurred regarding the Metrolinx partnership that commenced on November 1, 2022, however, overall marketing costs were dramatically reduced since early Q2.

- Professional fees increased to $403,635 (2021 - $384,330) primarily due to fees to the Company's auditor regarding the year-end audit; tax filing fees; costs associated with the Company being public; the preparation and filing of trademark applications in Canada and the U.S.; and on-going corporate matters.

- Salaries, wages, and benefits increased slightly to $3,411,085 (2021 - $3,330,773) as the Company expanded rapidly to 74 full-time staff, by hiring development, finance, marketing, administration, product support, publishing, executive, and IT personnel to support product development activities. In early Q2 2022, 59 staff departed with the difficult financial situation that the Company experienced and was obligated to pay severance and unused but earned holidays. Subsequently, a small group of employees departed voluntarily, that resulted in the current skeleton staff complement of 11 full-time employees.

- A non-cash share-based compensation expense of $490,627 (2021 - $1,328,912) was recorded for stock options granted to directors, officers, employees, consultants, and advisors.

- Software subscriptions and hosting fees increased to $285,030 (2021 - $190,690) predominantly due to multiple software applications supporting the operations platform for a robust workforce, website hosting fees, data integrity protection, and cybersecurity monitoring. These expenses were dramatically reduced in Q2 as the Company was operating with limited funding and significantly reduced staffing.

- Transfer agent and filing fees increased to $36,415 (2021 - $15,750) due to regulatory compliance costs with the Company being public.

(Expressed in Canadian Dollars)

- Travel and promotion costs decreased to $25,204 (2021 - $95,916), primarily attributable to increased on-line meetings with current shareholders, potential investors, brokerage firms, portfolio managers, and limited attendance at capital markets related conferences as the Company operated with a limited treasury.

Net operating cash outflows

For the year ended December 31, 2022, the Company's net operating cash outflows were $3,842,292, compared to $6,353,612 for the previous year.

The decrease in operating expenses was mainly attributed to lower costs regarding consultants; development; general and administrative; marketing; and travel and promotion, which were partially offset by increased investor relations; licensing fees; professional fees; salaries, wages, and benefits; software subscriptions and hosting fees; and transfer agent and filing fees.

SUMMARY OF QUARTERLY RESULTS

The following is summary of the Company's financial results for the eight most recently completed quarters:

	Three Months Ended Dec. 31, 2022	Three Months Ended Sep. 30, 2022 $(5)	Three Months Ended Jun.30, 2022 $(4)	Three Months Ended Mar. 31, 2022 $(3)	Three Months Ended Dec. 31, 2021 $(2)	Three Months Ended Sep. 30, 2021 $(1)	Three Months Ended Jun. 30, 2021 $	Three Months Ended Mar. 31, 2021 $
Revenue	7,031	11,612	606	1,357	526	108	255	29
Net loss	679,005	2,356,016	2,498,187	3,249,002	8,755,403	2,089,854	1,373,633	692,571
Basic & diluted loss per share	0.00	0.04	0.04	0.05	0.17	0.04	0.03	0.02

(1) Included was salaries, wages, and benefits of $952,400; share-based compensation of $230,833; and marketing expenses of $240,764.
(2) Included was listing expenses of $4,647,728; salaries, wages, and benefits of $1,567,750; share-based compensation of $762,827; and marketing and investor relations expenses of $485,246 and $171,867, respectively.
(3) Included was salaries, wages, and benefits of $1,639,974; share-based compensation of $670,805; and marketing expenses of $292,187.
(4) Included was interest of $961,320, salaries, wages, and benefits of $621,250; share-based compensation of $216,445; and marketing expenses of $111,437.
(5) Included was interest of $1,039,959; investor relations expenses of $349,153; salaries, wages, and benefits of $369,999; and share-based compensation of $235,190.

FINANCIAL RESULTS for the THREE MONTHS ENDED DECEMBER 31, 2022

For the three months ended December 31, 2022, the Company recorded a net loss of $679,005, or $0.00 per share, compared with a net loss of $8,775,403, or $0.17 per share, for the three months ended December 31, 2021. Operating expenses for the three months ended December 31, 2022 decreased to $(967,394), compared with $4,153,826 for the comparative period in 2021. Activities were reduced significantly or eliminated entirely across the organization due to the lack of adequate funding and with limited revenues being generated. Key changes for Q4 2022, compared to Q4 2021, included the following:

- Revenues increased marginally to $7,031 (2021 - $526) from LPS during the quarter which generated $6,515 (2021 - $nil) and ebook sales of $516 (2021 - $525).

- Cost of sales were $4,382 (2021 - $426), which included LPS productions costs of $4,228 (2021 - $nil), and royalties paid to publishers of $154 (2021 - $426).

  Amortization decreased to $97,155 (2021 - $294,519) primarily due to the impairment of intangible assets that reflected the Company's ongoing assessment of the intangible assets future benefit.

- Consulting fees decreased to $197,499 (2021 - $216,046). Fees were incurred for domestic, U.S. and international sales tax consulting; DTC eligibility work; and SR&ED (scientific research and experimental development) tax credit consulting. Fees decreased or were eliminated due to the significant reduction of business strategy; market research; capital markets advisory; HR and recruiting; corporate development; executive coaching; community engagement; development of contact categorization and management; communications; and regulatory filing consulting services.

- Development costs decreased to $nil (2021 - $97,928) primarily due to the elimination of external development work.

- Directors' fees decreased to $18,000 (2021 - $150,000). Although the Company accrued directors' fees for standing independent directors, these will continue to be converted into equity, until such time, as the Company has established a robust treasury.

- General and administrative expenses decreased to $141,922 (2021 - $185,047) due to a significantly reduced workforce but predominantly included commercial general liability, and directors' and officers', liability insurance premiums.

- Interest expense included accrued interest of $31,500 regarding the credit facility and $15,195 for the promissory notes.

- Investor relations expenses decreased to $44,259 (2021 - $105,867) as many of the activities were either considerably reduced or eliminated. Costs were incurred for market making services that provided market stability and liquidity for the Company's common shares. In addition, included were expenses for limited investor communications and attendance at select capital markets conferences to provide contacts regarding fund-raising activities.

- Licensing fees increased to $20,640 (2021 - $10,813) due to publisher and software licensing fees of $15,400 (2021 - $7,000) and $5,240 (2021 - $3,813), respectively.

- Marketing expenses dropped significantly to $42,472 (2021 - $485,246) predominantly due to the elimination of an elaborate digital advertising and marketing campaign that ran on multiple social media platforms and was designed to build significant brand, and corporate awareness. Costs were incurred in the quarter that pertained to the Metrolinx partnership which included content and strategy for the GO READ marketing programs.

- Professional fees decreased to $3,217 (2021 - $90,879) primarily due to the reduced reliance on external specialists.

- Salaries, wages, and benefits decreased substantially to $735,064 (2021 - $1,567,750) with the drastic reduction of staff that departed earlier in the year to the current staff complement of 11 full-time employees.

- A non-cash share-based compensation (recovery) expense of ($631,813) (2021 - $762,827) was recorded for stock options granted to directors, officers, employees, consultants, and advisors (collectively, the "Option Holders") as the Company is required to reverse the fair value of unvested stock options of departed Option Holders, that amounted to $810,000.

- Software subscriptions and hosting fees decreased to $71,370 (2021 - $123,316) primarily due to a significantly reduced workforce.

- Transfer agent and filing fees decreased slightly to $13,210 (2021 - $15,750) due to reduced regulatory associated costs with the Company being public.

- Travel and promotion costs decreased significantly to $70 (2021 - $47,838), primarily due to the scheduling of all meetings to an on-line basis with current and potential investors, brokerage firms, and portfolio managers.

Net operating cash outflows

For the three months ended December 31, 2022, the Company's net operating cash outflows were $806,791, compared to $2,582,829 for the previous year.

The decrease was mainly attributed to lower costs regarding consultants; development; general and administrative; investor relations; marketing; professional fees; salaries, wages, and benefits; software subscriptions and hosting fees; transfer agent and filing fees; and travel and promotion; which were partially offset by slightly increased licensing fees.

SUBSEQUENT EVENTS

On January 25, 2023, the Company granted 1,550,000 options to employees, officers, directors, and consultants. The options have an exercise price of $0.20, and a 10-year term.

On February 2, 2023, the Company announced that it had completed the closing of the first tranche of an equity private placement. The Company issued 3,982,727 units at a price of $0.11 per unit with each unit including one common share and one purchase warrant, for gross proceeds of $438,100 (less the finder's fee of $2,420 for net proceeds of $435,680; $18,000 of which was the settlement of outstanding indebtedness). Each purchase warrant entitles the holder to purchase one common share at a price of $0.15 for a period of one year from closing. In connection with the private placement, the Company paid a finder's fee of $2,420 and issued 22,000 warrants with an exercise price of $0.11 expiring in one year.

In February 2023, a total of 50,000 options expired unexercised.

In March and April 2023, the Company received bridge loans for $57,500, of which $21,000 pertained to a director, with a $nil commitment fee and $nil interest; $100,000 with a 0% commitment fee and 15% annual interest; and $266,894 with a 15% commitment fee and 15% interest per annum. $109,000 of the loans were repaid before the end of April 2023.

From January to April 2023, an aggregate of 18,329,000 common shares were issued regarding convertible debenture conversions that totaled $1,832,900 at a conversion price of $0.10.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2022, the Company had negative working capital of $2,405,433 (2021 - working capital of $348,055), with cash of $150,439 (2021 - $832,668).

All cash is held with Schedule A banks either in deposit accounts, and the Company has no joint ventures with any parties that may potentially create derivative or hedge risk.

The Company has insufficient working capital to meet its ongoing operating and general administrative expenditures over the next twelve months and will need to rely on debt and/or equity financings and revenue generation.

The consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not achieved scalable commercialization of its products.

As of December 31, 2022, the Company had limited revenue and generated negative cash flows from operating activities. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. The Company had a working capital deficit of $2,405,433 (2021 - working capital of $348,055) and an accumulated deficit of $22,567,407 (2021 - $13,785,197) since inception. Management has determined, in making its assessment, that these events or conditions create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern depends on its ability to generate product sales, complete additional financings, and ultimately, attain and maintain profitable operations. While the Company is striving to act on these initiatives, there is no assurance that these and other strategies will be successful or sufficient to permit the Company to continue as a going concern.

OPERATING ACTIVITIES

For the year ended December 31, 2022, the Company's operating activities used cash of $3,842,292, compared with $6,353,612 for the year ended December 31, 2021.

FINANCING ACTIVITIES

For the year ended December 31, 2022, the Company's financing activities provided the Company with $3,142,802, compared to $8,304,425 for the year ended December 31, 2021.

The Company issued common shares and received $240,500 for warrants exercised between $0.10 and $0.20; received loans for an aggregate of $852,436 with commitment fees of 15% and interest at 10% per annum; entered into a credit facility arrangement for $308,000, with a term of 12 months and monthly interest of 1.5% per month compounded monthly (additional interest of 2.0% per month compounded monthly along with monitoring fees of $1,000 per month were charged from April 2022 as the Company was in breach of the loan agreement); and received gross proceeds from a convertible debenture financing of $1,278,500, less share issuance costs of $21,047, for net proceeds of $1,257,453. The Company issued common shares and received $509,413.

INVESTING ACTIVITIES

For the year ended December 31, 2022, the Company's investing activities received cash of $17,261, compared to cash used of $1,263,994 for the year ended December 31, 2021.

In 2022, the Company received cash proceeds of $39,805 (2021 - $nil) from the disposition of computer equipment with an original cost of $123,462, accumulated amortization of $70,189, and a net book value of $53,273. The Company recorded $13,468 as a loss on disposition of computer equipment in the consolidated statement of loss and comprehensive loss.

These cash outflows were primarily attributable to the costs incurred to develop the Company's platform that included the purchase of computer equipment.

(Expressed in Canadian Dollars)

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. Key management personnel consists of the Company's Board of Directors, corporate officers, and certain members of the senior executive team.

Key management personnel are appointed as follows:

- Chief Executive Officer ("CEO") - Kaleeg Hainsworth.
- Chief Operations Officer ("COO") - Angela Doll. Added Chief Publishing Officer title ("Current CPO") on April 8, 2022.
- Chief Financial Officer - Helina Patience ("Former CFO") , until April 8, 2022; Ed Duda ("CFO"), effective May 11, 2022.
- Chief Revenue Officer ("Former CRO") - Wai-Ming Yu, until April 8, 2022.
- Chief Technology Officer ("Former CTO") - Adam Zouak, until April 8, 2022.
- Chief Publishing Officer ("Former CPO") - Cameron Drew, until April 8, 2022.
- Board of Directors - David Van Seters; Mark Holden, until February 10, 2022; Shannon Kaustinen, effective February 11, 2022; and Kaleeg Hainsworth.

Transactions with related parties that are included in the consolidated statement of loss and comprehensive loss for the years ended December 31, 2022, and 2021, were made in the normal course of operations and are summarized as follows:

	December 31, 2022	December 31, 2021
	$	$
Consultants and directors' fees (2)	**92,950**	357,490
General and administrative (1)	**77,559**	231,900
Salaries, wages, and benefits (1)	**758,745**	720,645
Share-based compensation (3)	**479,398**	468,145
	1,408,652	1,778,180

As of December 31, 2022, $29,130 (2021 - $150,000) was outstanding to key management personnel regarding employment and consulting agreement commitments which were recorded in due to related parties. For the year ended December 31, 2022, the Directors agreed to waive directors' fees totaling $147,000.

The Company had the following related party transactions for the years ended December 31, 2022, and 2021:

(1) During the years ended December 31, 2022, and 2021, the Company incurred $192,121 (2021 - $221,980) to the CEO; $162,559 (2021 - $165,037) to the COO/Current CPO; $111,789 (2021 - $nil) to the CFO; $127,357 (2021 - $317,552) to the former CFO; $91,327 (2021 - $nil) to the former CRO; $72,178 (2021 -

$15,668) to the former CTO; and $69,964 (2021 - $8,377) to the former CPO.

(2) The three independent directors noted above received an aggregate of $77,500 (2021- $68,000) for the years ended December 31, 2022, and 2021.

(3) The fair value of share-based compensation is measured at the grant date using the Black Scholes option valuation model and is recorded as an expense in the consolidated statement of loss and comprehensive loss over the vesting period of the options. During the years ended December 31, 2022, and 2021, the Company incurred $221,394 (2021 - $90,412) to the CEO; $162,582 (2021 - $63,029) to the COO/Current CPO; $44,551 (2021 - $nil) to the CFO; $(76,416) (2021 - $164,949) to the former CFO; $22,670 (2021 - $nil) to the former CRO; $(31,967) (2021 - $84,026) to the former CTO; $(17,681) (2021 - $27,519) to the former CPO; and $154,265 (2021 - $38,210) to the Board of Directors. The Company recorded a recovery in 2022 regarding unvested stock options for departed directors, and officers.

During the years ended December 31, 2022, and 2021, 1,600,000 (2021 - 2,550,000) options were granted to key management personnel.

FUTURE ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations are not yet effective and have not been , in preparing these Financial Statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's Financial Statements.

OTHER MD&A REQUIREMENTS

Disclosure Controls and Procedures

Management is responsible for the preparation and integrity of the Financial Statements and maintains appropriate information systems, procedures, and controls to ensure that information used internally and disclosed externally is complete and reliable. Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

Readers are cautioned that the Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation. The inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52- 109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements for the year ended December 31, 2022, and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company. If any such risks actually occur, the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The Company will face a number of challenges in the development of its business.

Prospects for companies in the technology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in technology companies should be regarded as highly speculative. An investor should carefully consider the risks and uncertainties described below. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company’s business. If any one or more of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's shares could decline.

If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. Potential investors should consult with their professional advisors to assess an investment in the Company.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Risks Related to Capitalization and Commercial Viability

The Company will require additional capital to continue to develop its platform, obtain content licensing and bring its platform to the market. Should further financing not be completed, there is a risk that the Company will not have the capital required to expand the business and further develop the platform and obtain content. If the Company does not obtain additional capital for investment, then there is a presumed risk to the commercial viability of its platform. Further, if further financing is not completed, the Company may be required to raise additional capital from existing sources through private placements.

Risks Related to Additional Financing

The Company will require additional equity and/or debt financing to execute the Company’s growth strategy. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially acceptable to the Company. The Company’s growth may be limited if it is unable to raise financing in order to support ongoing operations and therefore will have an adverse impact on the financial results of the Company.

Should the capital obtained upon completion of future financing be sufficient to fund the Company’s current operations, there is no guarantee that the Company will be able to achieve its business objectives. There is no assurance that the capital used to invest in the Company’s personnel, systems, procedures, and controls will ensure the Company’s objectives. The Company may require additional financing beyond that acquired previously and if so, there is no assurance that the financing obtained will be on terms that are favourable to the Company.

Risks Related to Growth Strategy Execution

The execution of the Company’s growth strategy has significant dependence on managerial, financial, and human resources. The Company’s ability to grow depends on a number of factors, including the availability of capital, existing, and emerging competition, and the ability to recruit and train additional qualified personnel. Moreover, as the Company's business grows, the Company will need to devote additional resources to improving its operational infrastructure and enhance its scalability to maintain its business performance.

Risks Related to Uncertainty and Adverse Changes in Consumer Reading Habits

The success of the Company is contingent on its consumer base perceiving more value in the Company's platform and its Living Books innovations compared with existing ebook platforms, ebook formats, and physical books. While the ebook market and its sales compared with physical books continue to increase, should consumer reading habits shift away from ebooks, demand for the Company's platform may decrease.

Risks Related to the Ability to Attract New Customers, Retain Existing Customers and Grow Revenues

To achieve profitability and increase revenues, the Company must regularly obtain new customers or increase the scope of services provided to existing customers. A variety of factors may impede these efforts including ineffective marketing campaigns or lack of financial capacity to launch large-scale marketing campaigns, lack of content to market to new and existing customers, lack of perceived value of the Company's platform by potential customers or the Company being unable to attract and retain quality sales and marketing personnel.

Risks Related to Increased Competition

As market demand for ebooks grows, publishers and existing ebook platforms will seek ways to increase market share and provide their customers with sought-after digital media content. As such, existing companies and new entrants will continue to create and refine technology to provide this content. The increase in market entrants may decrease the market share for the Company, which may have an adverse impact on the Company's operations. The creation or refinement of digital technology that consumers view as more cost efficient or superior to the Company's platform will also impact the Company adversely.

Risks Related to Cyber Security and Data Protection

As an online platform, there is risk of cyber-attacks, technology issues, and changes to global legislation for data management. To mitigate cyber risks, the Company has engaged, and will continue to regularly engage with, third-party security partners to conduct penetration and other testing/auditing of the Company's platform, and to act on the recommendations provided. In preparation to expand outside of North America, the Company has also engaged third-party services to audit General Data Protection Regulation (GDPR) and other data protection mechanisms to ensure compliance and provide recommendations for improvements.

Risks Related to Limited History of Operations

The Company is in an early stage of development, has a limited history of operations, and operates in a new and rapidly-evolving market. As such, the Company is subject to many risks common to start-up enterprises and its viability must be viewed against the background of such risks. Such risks include under-capitalization, cash shortages, limitations with respect to personnel, and lack of revenues and financial and other resources. There is no assurance that the Company will develop its business profitably, and the likelihood of success of the Company must be considered in light of the Company's early stage of operations.

Risks Related to Changing Technology

The Company's ability to attract new users of its software and increase revenue from existing users depends in large part on its ability to enhance and improve its products, introduce new features and services in a timely manner, sell into new markets, and further penetrate existing markets. If the Company is unable to do so, its revenue will not grow as expected. Moreover, the Company is required to enhance and update its products and services as a result of changing standards and technological developments, which makes it difficult to recover the cost of development and forces the Company to continually qualify new features with its users.

Risks Related to Defects, Bugs, or Errors

The Company has quality controls in place to detect defects, bugs, or other errors in its products and services before they are released, however, these quality controls are subject to human error, overriding, and resource or technical constraints. Furthermore, the effectiveness of its quality controls and preventative measures may be negatively affected by the distribution of the Company's workforce resulting from the COVID-19 pandemic. As such, these quality controls and preventative measures may not be effective in detecting all defects, bugs, or errors in its products and services before they are released into the marketplace. The release of products or services with significant defects, bugs, or errors could damage the Company's reputation, brand, and sales.

Risks Related to COVID-19

The Company's business, operations, and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics, and/or other health crises, such as the COVID-19 pandemic. Public health crises, such as the COVID-19 pandemic, may result in operating, supply chain, and project development delays that could materially adversely affect the operations of the Company.

The risks to the Company's business associated with COVID-19 include, without limitation, risks related to employee health, workforce productivity, increased insurance premiums, the availability of industry experts and personnel, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the Company's business, financial condition, and results of operations. In addition, the Company may experience business interruptions as a result of suspended or reduced operations, relating to the COVID-19 pandemic or such other events that are beyond the control of the Company, which could, in turn, have a material adverse impact on the Company's business, operating results, and financial condition.

Risks Related to Reliance on Key Personnel

Given the complex nature of the technology on which the Company's business is based and the speed with which such technology advances, the Company's future success is dependent, in large part, on its ability to attract and retain highly qualified managerial, technical, and sales personnel. Competition for talented personnel is intense, and no assurance can be given that the Company will retain its managerial, technical, and sales personnel or that it can attract, assimilate, or retain such personnel in the future. As the Company's business grows, it will require additional key financial, administrative, marketing, and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Risks Related to Inability to Protect Technology

There can be no assurance that the steps taken by the Company to protect its technology will be adequate to prevent misappropriation or independent third-party development of the Company's technology. It is possible that other companies could duplicate an ebook platform similar to that of the Company.

Risks Related to Potential Intellectual Property Claims

The Company may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle, and could divert management resources and attention. An adverse determination, also, could prevent the Company from offering its products and services to others and may require that it procure substitute products or services for these members or obtain additional licenses. The Company may also be required to develop alternative non- infringing technology, which could require significant effort and expense. If the Company cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively.

Risks Related to Market Trends and Global Political Issues

Changing broader financial conditions including the market's expectations for continued rising interest rates fueled by the continued rise in inflation, along with the Russian invasion of Ukraine has continued to drive a rotation by investors into value versus growth-oriented equities. The best performing sectors in Canada in 2022 were energy and materials, and the worst performing sectors were information technology, commodities, and metals. Under the current uncertain and fast-changing macroeconomic, financial, and geopolitical environment, investor sentiment and appetite for technology companies, especially those not yet reporting free cash flows, have been negatively impacted as reflected in their lower market valuation, resulting in a more difficult capital raising environment and a higher cost of capital.

Risks Related to Evolving Business Model and its Services and Products Could Change

To stay current with the industry, the Company's business model may need to evolve as well. From time to time, it may modify aspects of the Company's business model relating to the Company's product mix and service offerings. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. The Company may not be able to manage growth effectively, which could damage the Company's reputation, limit the Company's growth, and negatively affect its operating results.

Risks Related to Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting a transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC and Alberta) ("Corporations Act") dealing with any conflict of interest. These provisions state that where a director is in such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter, unless otherwise permitted by the Corporations Act. In accordance with the laws of the Provinces of British Columbia and Alberta, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services, or products that the Company believes are strategic. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service, or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services, or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

In the future, the Company may invest in new business strategies, acquisitions and/or joint ventures. New ventures are inherently risky and may not be successful. In evaluating such endeavours, the Company must make difficult judgments regarding the value of business strategies, opportunities, technologies and other assets, and the risks and cost of potential liabilities. Furthermore, acquisitions and investments involve certain other risks and uncertainties, including the risks involved with entering new competitive categories or regions, the difficulty in integrating newly-acquired businesses, the challenges in achieving strategic objectives and other benefits expected from acquisitions, investments or joint ventures, the diversion of the Company's attention and resources from its operations and other initiatives, the potential impairment of acquired assets and liabilities, the performance of underlying products, capabilities or technologies and the potential loss of key employees and customers of the acquired businesses.

Risks Related to Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of technology companies have historically been highly volatile. Factors such as fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or competitors, and other factors could have a significant effect on the share price or trading volumes for the Company shares. The Company has not paid dividends to date and the Company does not expect to pay dividends in the near future.

Risks Related to No Assurance of an Active Trading Market

There can be no assurances that an active trading market in the Company shares on the CSE will be sustained.

Risks Related to Equity Dilution to Shareholders

The issuance of any equity securities could, and the issuance of any additional shares will, cause the Company's existing shareholders to experience dilution of their ownership interests. Any additional issuance of shares or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Company's shares.

Risks Related to Value of Securities

The value of the Company's shares may be reduced for a number of reasons, some of which are outside the control of the Company, including:

- General economic conditions in Canada, the United States and globally;
- Failure to achieve desired outcomes by the Company;
- Failure to obtain industry partners and other third-party consents and approvals, when required;
- Stock market volatility and market conditions;
- Competition for, among other things, capital, and skilled personnel;
- The need to obtain required approvals from regulatory authorities;
- Revenue and operating results failing to meet expectations in any particular period;
- Investor perception;
- Limited trading volume of the Company's shares;
- Announcements relating to the Company's business or the businesses of the Company's competitors; and
- The Company's ability or inability to raise additional funds.

Risks Related to Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly, and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and operational results. The Company may need to hire additional employees to comply with these requirements, which would increase its costs and expenses.

The management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations, operational and financial performance and business prospects and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information.

All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward looking statements and information involve significant risks, assumptions, uncertainties, and other factors that may cause actual future performance, achievement, or other realities to differ materiality from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement, or realities. Although the forward-looking statements and information contained in the MD&A reflect management's current beliefs based on information currently available to management and based on what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events, or results not to be as anticipated, estimated, or intended. Further, any forward-looking statements and information contained herein are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. All forward-looking statements and information disclosed in this MD&A, are qualified by this cautionary statement.

CORPORATE GOVERNANCE

The Company's board of directors and its committees adhere to recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current board of directors is comprised of three individuals, two of whom are independent of management as they are neither executive officers nor employees of the Company. The audit committee is currently comprised of three directors, two of which are independent of management and have strong financial backgrounds.

The audit committee's role is to ensure the integrity of the Company's reported financial results through its review of the interim and audited annual financial statements prior to their submission to the board of directors for approval. The audit committee meets with management, at least, quarterly to review the consolidated financial statements, as well as the management discussion and analysis (MD&A), and to discuss financial, operational, and other important matters.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares (Class A)

As at May 1 2023, the Company had 100,086,513 common shares issued and outstanding (December 31, 2022 - 77,774,786).

Warrants

As at May 1 2023, the Company had 23,788,680 warrants outstanding (December 31, 2022 - 19,783,953).

Options

As at May 1 2023, the Company had 5,553,750 stock options outstanding (December 31, 2022 - 4,053,750).

Convertible Debenture Shares (1)

As at May 1 2023, the Company had 1,726,650 shares outstanding (December 31, 2022 - 20,035,650).

(1) These are the shares that the outstanding convertible debenture units could convert into.

Fully Diluted

As at May 1 2023, on a fully diluted basis, the share capital outstanding was 131,155,593 (December 31, 2022-121,648,139).

APPROVAL

The Board of Directors of the Company have approved the audited Financial Statements and the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at and the Company's website at www.legible.com.