

**NEXTGEN DIGITAL PLATFORMS INC.**

**Interim Management's Discussion and Analysis – Quarterly Highlights**

**For the Three and Nine Months Ended December 31, 2024**

**(Expressed in Canadian Dollars)**

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The following is the Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of NextGen Digital Platforms Inc. ("NextGen", "we", "our", or the "Company") as at and for the three and nine months ended December 31, 2024 ("Q3 2025" and "YTD 2025", respectively). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, in the "Quarterly Highlights" format permitted under Section 2.2.1 of Form 51-102F1. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three and nine months ended December 31, 2024 and 2023 (the "Q3 2025 Financials"), and its audited financial statements and related notes for the years ended March 31, 2024 and 2023 (the "2024 Financials"). The Q3 2025 Financials and all financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars ("\$" or "CAD") unless stated otherwise. Additional information relating to the Company can be found under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

This MD&A also covers the subsequent period up to February 27, 2025.

### **Description of Business**

The Company is a Canadian technology company existing under the laws of British Columbia. On October 21, 2022, the Company changed its name from 1266457 B.C. Ltd. to NextGen Digital Platforms Inc. The Company's registered office address is Suite 2200, RBC Place, 885 West Georgia St., Vancouver, British Columbia, V6C 3E8. The Company's head office is located at 70 Trius Drive, Second Floor, Fredericton, New Brunswick, E3B 5E3.

The Company has a dual focus on digital assets and artificial intelligence infrastructure. The Company is committed to democratizing access to cryptocurrencies by providing investors with exposure to a diversified basket of digital assets through a regulated public vehicle, offering a seamless entry into the growing cryptocurrency market. In parallel, the Company operates a hardware-as-a-service business supporting the artificial intelligence sector, known as cloud AI hosting ("Cloud AI Hosting"), delivering advanced infrastructure solutions for AI-driven applications.

The Company's first business was PCSections.com (the "Website"), an e-commerce and consumer electronics platform facilitating direct -to-consumer sales, offering premium gaming electronics and other specialized hardware. Recently, the Company has been focusing its efforts on developing a line of business referred to as Cloud AI Hosting ("Cloud AI Hosting"), a hardware-as-a-service business whereby the computing power of NextGen's specialized hardware workstations are leased to third-party end users for artificial intelligence applications, via a cloud-based portal. From time to time the Company may also evaluate and acquire or develop other micro-technology platforms.

### **Corporate Developments**

Beginning in November 2022, the Company initiated the development of the Website, its inaugural platform that facilitates direct-to-consumer sales of a range of premium gaming electronics and other specialized hardware.

On March 14, 2023, the Company officially re-launched the Website in its current incarnation.

During April and May of 2023, the Website obtained authorized electronics reseller status from various large wholesalers, namely D&H Canada, Ingram Micro Inc., and Lenovo North America. As an authorized reseller, the Company is granted access to these wholesalers' comprehensive catalogues of technology products and services, which includes but is not limited to computer hardware, networking equipment, consumer electronics, and other relevant offerings. The Company also has referral agreements in place with several arm's length hardware retailers and information technology consulting firms, for potential customer referrals to the Website.

On December 16, 2023, the Company established its business line referred to as Cloud AI Hosting, a hardware-as-a-service business whereby the computing power of NextGen's specialized hardware workstations are leased to third-party end users for artificial intelligence applications, via a cloud-based portal.

On August 7, 2024 the Company's common shares began trading on the Canadian Securities Exchange (the "CSE") under the ticker symbol "NXT".

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On November 28, 2024, the Company purchased additional workstations for its online hardware-as-a-service business. The two new workstations, each containing one graphics processing unit (“GPU”), are expected to generate revenue upon delivery and setup, enabling the Company to further increase its operational cashflow in the near term. The expansion of Cloud AI Hosting marks a significant step toward NextGen’s goal of building a larger fleet of GPUs for Cloud AI Hosting.

On December 13, 2024, the Company granted 1,140,000 options to certain directors, officers, and consultants of the Company. The options are exercisable at a price of \$0.25 per common share for a period of three years. The options vest immediately on the date of grant.

On December 23, 2024 the Company’s common shares began trading on the Frankfurt Stock Exchange (the “FSE”) under the ticker symbol “Z12”.

### **Corporate Developments - Cryptocurrency Expansion**

On November 29, 2024, the Company announced that it has commenced evaluation cryptocurrency-related business opportunities.

On December 20, 2024, the Company announced its strategic expansion to acquire and hold positions in certain cryptocurrencies, including Solana (“SOL”), XRP (“Ripple”), and Dogecoin (“DOGE”). This represents the launch of the Companies third business line, which is intended to provide NextGen and its investors with exposure to the rapidly expanding cryptocurrency sector. This will also help diversify the Company’s technology holdings across e-commerce, artificial intelligence, and now Web3.

The Company’s strategic expansion to acquire and hold SOL, Ripple and DOGE is expected to establish NextGen as a publicly traded proxy for this curated basket of cryptocurrencies, enabling investors to access the growing digital asset market through traditional equity markets.

NextGen has entered into a letter of intent dated January 26, 2025 with a publicly-listed technology company to acquire the claim of approximately 10,000 SOL or an equivalent cash amount. There is no guarantee the acquisition will be completed as proposed or at all.

### **Financing Activities**

On June 15, 2023, the Company issued 500,000 common shares in the first tranche of a private placement at a price of \$0.10 per common share (the “\$0.10 Financing”), for gross proceeds of \$50,000.

On September 26, 2023, the Company completed a crowdfunding private placement of 298,000 special warrants at a price of \$0.10 per special warrant for aggregate gross proceeds of \$29,800. In connection with the closing of the crowdfunding, the Company issued an additional 200,000 compensatory special warrants to Vested Technology Corp. Each special warrant entitled the holder to receive, upon voluntary exercise or deemed exercise by the Company, one common share without payment or additional consideration. On June 3, 2024, the 498,000 special warrants were exercised for 498,000 common shares.

On October 31, 2023, the Company issued 893,295 common shares in the second tranche of the \$0.10 Financing at a purchase price of \$0.10 per common share, for gross proceeds of \$89,330.

On March 27, 2024, the Company issued 2,070,000 common shares in the third tranche of the \$0.10 Financing at a purchase price of \$0.10 per common share, for gross proceeds of \$207,000.

On January 23, 2025, the Company announced that it has completed the first tranche of a non-brokered private placement financing (the “First Tranche”) and issued 633,750 Units (each a “Unit”) of the Company at a price of \$1.28 per Unit for gross proceeds of \$811,200. Each Unit consists of one common share of the Company and one common share purchase warrant (a “Warrant”). Each Warrant will entitle the holder to purchase one additional common share at an exercise price of \$1.60 for a period of 24 months from the date of issuance. In connection with the First Tranche, the Company paid finder’s fees to eligible finders consisting of \$31,848 in cash and 24,631 common share purchase warrants (the “Finder’s Warrants”). Each Finder’s Warrant is exercisable to acquire one common share at an exercise price of \$1.60 for a period of 24 months from the date of issuance.

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### Overall Performance

#### *Selected quarterly financial results*

The Company's selected financial information for the eight most recently completed quarters as at December 31, 2024 are as follows:

<b>3 Months Ended:</b>	<b>Dec 31, 2024</b>	<b>Sep 30, 2024</b>	<b>Jun 30, 2024</b>	<b>Mar 31, 2024</b>
	\$	\$	\$	\$
Sales revenue	2,294	127	823	524
Operating expenses	(387,025)	(94,923)	(38,186)	(58,692)
Net loss	(387,411)	(95,197)	(38,218)	(58,798)
Net loss per share – basic	(0.034)	(0.008)	(0.003)	(0.005)
Cash	110,787	133,874	220,283	247,677
Total assets	159,883	297,770	413,666	435,534

<b>3 Months Ended:</b>	<b>Dec 31, 2023</b>	<b>Sep 30, 2023</b>	<b>Jun 30, 2023</b>	<b>Mar 31, 2023</b>
	\$	\$	\$	\$
Sales revenue	-	-	950	9,200
Operating expenses	(27,174)	(23,509)	(20,703)	(12,738)
Net loss	(27,273)	(23,509)	(20,747)	(11,773)
Net loss per share – basic	(0.002)	(0.003)	(0.003)	(0.002)
Cash	62,611	133,769	86,501	69,709
Total assets	223,121	194,157	118,711	96,202

The Company raised funds through private placements throughout the 12-month period ended March 31, 2024 (“Fiscal 2024”) and the 12-month period ended March 31, 2023 (“Fiscal 2023”), which contributed to increases in cash and cash equivalents and total assets. The funds raised were used for operating expenses and completion of the research and development of the Website, resulting in cash and cash equivalents varying quarter over quarter.

During Fiscal 2025, the Company received consulting services from various vendors regarding further development of the business. Cloud AI Hosting as a line of business was started in Fiscal 2024 and brought in some revenue in addition to sales through the Website.

Operating expenses are mainly comprised professional fees, consulting fees, office and general expenses, and research and development expenses which fluctuate over the normal course of business quarter over quarter. See “*Results of Operations*” for more information.

#### *Results of Operations – Q3 2025*

The Company's results of operations for Q3 2025 reflect mainly the revenue and cost of goods sold from commercial operations at Cloud AI Hosting, overhead costs incurred by the Company to maintain the Website, and professional fees to manage the acquisition and development activities of the Company.

During Q3 2025, the Company continued its operating activities and generated total sales revenues of \$2,294 (three months ended December 31, 2023 (“Q3 2024”) – \$nil) primarily comprised of sales of computer hardware and of rental revenue from Cloud AI Hosting. The Company also recorded cost of goods sold of \$2,680 (Q3 2024 – \$99), for a gross loss of \$386 (Q3 2024 – \$99). Cost of sales incurred during Q3 2025 are composed of hardware sold and depreciation expenses on a desktop workstation used by Cloud AI Hosting.

During Q3 2025, total operating expenses were \$387,025 as compared to operating expenses of \$27,174 incurred during Q3 2024. The increase in operating expenses is largely driven by expansion of the Cloud AI Hosting business, and further, the Company incurred professional fees of \$54,195 (Q3 2024 - \$15,357) resulting from heightened corporate advisory and legal fees connected to the Company's CSE listing process. In addition, the Company incurred \$191,635 in stock-based compensation during Q3 2025 (Q3 2024 - \$nil) related to the issuance of stock options to directors, officers, and consultants of the Company.

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The Company also incurred the following expenses in Q3 2025:

- Consulting fees of \$6,987 (Q3 2024 – \$3,300)
- Office and general expenses of \$26,011 (Q3 2024 – \$8,250)
- Research and development costs of \$6,633 (Q3 2024 - \$nil)
- Advertising and promotion of \$91,436 (Q3 2024 - \$nil)
- Other overhead costs of \$10,128 (Q3 2024 – \$267), which include regulatory compliance and bank charges.

In light of the above, during Q3 2025 the Company reported a net loss of \$387,411 compared to net loss of \$27,273 for the same period in the prior year.

### *Cash Flows*

During Q3 2025, net cash used in the Company's operations was \$148,972 as compared to net cash from operations of \$712 during the comparative prior year period. During Q3 2025, the Company raised \$130,784 in financing activities through the redemption of short-term investments and spent \$4,899 on equipment additions, as compared to the company using \$128,199 in investing activities during the comparative period, primarily through the purchase of short-term investments and equipment. The Company did not raise any funds through financing activities during Q3 2025 (Q3 2024 - raised \$56,330 through financing activities).

### *Results of Operations – YTD 2025*

The Company's results of operations for YTD 2025 reflect mainly the revenue and cost of goods sold from commercial operations at Cloud AI Hosting and the Website, overhead costs incurred by the Company to maintain the Website and professional fees to manage the acquisition and development activities of the Company.

During YTD 2025, the Company continued its operating activities and generated total sales revenues of \$3,244 (nine months ended December 31, 2023 ("YTD 2024") – \$950) primarily comprised of sales of computer hardware and Cloud AI Hosting. The Company also recorded cost of goods sold of \$3,936 (YTD 2024 – \$1,093), for a gross loss of \$692 (YTD 2024 – \$143). Cost of sales incurred during YTD 2025 are composed of hardware sold and depreciation expenses on a desktop workstation used by Cloud AI Hosting.

During YTD 2025, total operating expenses were \$520,134, as compared to operating expenses of \$71,386 incurred during YTD 2024. The increase in operating expenses is largely driven by expansion of the Cloud AI Hosting business and exploring new business opportunities. Further, the Company incurred professional fees of \$107,697 (YTD 2024 - \$31,667) resulting from heightened corporate advisory, and legal fees stemming from the elevated level of operating and corporate activity, in both cases connected to the Company's CSE listing process. In addition, the Company incurred \$191,635 in stock-based compensation during YTD 2025 (YTD 2024 - \$nil) related to the issuance of stock options to directors, officers, and consultants of the Company.

The Company also incurred the following expenses in YTD 2025:

- Consulting fees of \$40,725 (YTD 2024 – \$3,300)
- Office and general expenses of \$42,529 (YTD 2024 – \$24,774)
- Research and development costs of \$8,062 (YTD 2024 - \$9,409)
- Advertising and promotion of \$91,660 (YTD 2024 - \$1,360)
- Other overhead costs of \$37,826 (YTD 2024 – \$876), which include regulatory compliance and bank charges.

In light of the above, during YTD 2025 the Company reported a net loss of \$520,826 compared to net loss of \$71,529 for the same period in the prior year.

Due to the nature of the Company's businesses and their present stage of development, the Company is subject to certain trends, risks and uncertainties. For a detailed description see the "Trends, Risks and Uncertainties" section.

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### Cash Flows

During YTD 2025, net cash used in the Company's operations was \$262,775 as compared to \$69,847 during the comparative prior year period. During YTD 2025, the Company raised \$125,885 from investing activities primarily through the redemption of short-term investments, less purchases of equipment, as compared to the company using \$128,199 in investing activities during the comparative period, primarily through the purchase of short-term investments and equipment. The Company did not raise any funds through financing activities during YTD 2025 (YTD 2024 - raised \$190,948 through financing activities).

As at December 31, 2024, the Company had current assets of \$130,407 (March 31, 2024 - \$409,672), including cash of \$110,787 (March 31, 2024 - \$247,677), to settle current liabilities of \$83,707 (March 31, 2024 - \$30,167), for a working capital of \$46,700 (March 31, 2024 - \$379,505).

### Additional Disclosure for Venture Issuers Without Significant Revenue

In YTD 2025, the Company has spent funds towards maintaining the Website as well as development and expansion of its Cloud AI Hosting business. The Company's major business objectives primarily relate to the expansion of its Cloud AI Hosting business via, among other things, laying the technical groundwork for the acquisition of additional workstations that can be leased to generate rental revenue. The Company also plans to enhance and market the Website.

The Company has made progress towards these objectives as disclosed on October 8, 2024:

- Both the Website and Cloud AI Hosting continue to be upgraded to improve scalability, performance, and operational efficiency, as the Company continues to drive forward its growth strategy.
- The Company has engaged a Vancouver-based provider of cloud computing and IT services to explore transitioning the Company's Cloud AI Hosting business to a fully cloud-based model.
- The Website is undergoing both front-end and back-end upgrades aimed at enhancing the overall user experience, site performance, and security.

Office and general expenses consisted of the following for the three and nine months ended December 31, 2024:

	<b>Three months ended December 31, 2024</b>	Three months ended December 31, 2023	<b>Nine months ended December 31, 2024</b>	Nine months ended December 31, 2023
	\$	\$	\$	\$
Management fee	22,500	7,500	37,500	22,500
Rent expense	750	750	2,250	2,250
Travel expenses	2,502	-	2,502	-
Exchange gain or loss	259	-	277	(24)
	<b>26,011</b>	8,250	<b>42,529</b>	24,726

### Liquidity Outlook

While NextGen has commenced generating revenue, it currently has limited cash flows from operations. The Company's level of operations is principally a function of Cloud AI Hosting revenues and sales of hardware through the Website. The primary source of funding has been through the issuance of common shares for cash proceeds. As the Company was able to raise funds through the issuance of shares in the past, it will likely continue relying on equity financing in order to maintain its working capital requirements. However, there is no guarantee that the Company will be able to successfully complete such financings, as market conditions and business performance may dictate availability and interest.

Management is actively monitoring cash flows and managing operational activity against its budget. As of the date of the MD&A, the Company believes that it will have sufficient liquidity to continue operations for the 12-month period ending December 31, 2025. Nevertheless, management will continue to evaluate ways to grow Cloud AI Hosting revenues and to look for new sources of financing to fund its working capital and to advance the Company's operations.

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### **Related Party Transactions**

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

#### *Management remuneration*

During the three and nine months ended December 31, 2024, directors and other members of key management personnel did not receive any remuneration (2023 – \$nil).

#### *Other related party transactions*

On May 31, 2023, a total of 916,653 common shares previously purchased by a former director of the Company were sold back to the Company for the consideration of \$10,125.

During the three and nine months ended December 31, 2023, one of the directors of NextGen purchased 333,327 shares that were previously bought back by the Company for total gross proceeds of \$14,666.

During the three and nine months ended December 31, 2023, 1000103727 Ontario Limited (“Ontario Limited”), an entity controlled by the CEO of the Company, purchased 1,000 special warrants at a price of \$0.10 per special warrant for total gross proceeds of \$100.

During the three and nine months ended December 31, 2024, Ontario Limited charged fees of \$8,250 and \$24,750, respectively (December 31, 2023 – \$8,250 and \$24,750, respectively). Out of the total amount invoiced during the three and nine months ended December 31, 2024, \$750 and \$2,250, respectively (2023 - \$750 and \$2,250, respectively) was for the use of office space, and \$7,500 and \$22,500, respectively (December 31, 2023 - \$7,500 and \$22,500, respectively) was for shared corporate services support. The shared corporate services support encompasses general and administrative services, as well as corporate development and consultancy services. The general and administrative services include administrative support provided to the executives and employees of the Company. The corporate development and consultancy services include assistance with transactional documentation and the collection of deliverables. These fees are included in office and general expenses. As at December 31, 2024, \$nil (March 31, 2024 – \$nil) owed to Ontario Limited was included in accounts payable and accrued liabilities.

During the three and nine months ended December 31, 2024, the Company recorded stock-based compensation of \$90,774 in connection with the vesting of certain stock options granted to officers and directors (2023 - \$nil).

### **Capital Management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to deploy that capital to generate returns to shareholders. The management of the Company monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The board of directors of the Company (the “Board”) does not establish quantitative return on capital criteria for management but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged since the Company's most recent financial reporting period.

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

### **Risk Management**

The Company's financial instruments consist primarily of cash and accounts payable. The Company is exposed to various risks as it relates to these financial instruments. Management, under oversight of the Board, mitigates these risks by assessing and monitoring the Company's risk management processes. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

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### *Credit risk*

Credit risk is the risk of potential loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and short-term investments. Cash and short-term investments are held with a reputable Canadian chartered bank and are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2024 the Company had a cash balance of \$110,787 (March 31, 2024 – \$247,677) and short-term investments of \$nil (March 31, 2024 – \$127,628), to settle current liabilities of \$83,707 (March 31, 2024 – \$30,167).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as of December 31, 2024:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	83,707	83,707	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring anticipated cash flows to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

With the proceeds from previous private placements, management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at period-end.

### *Fair value*

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

As at period-end, the Company's financial instruments consisted of cash, short-term investments and accounts payable and accrued liabilities. The fair value of cash, short-term investments and accounts payables and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2024, the Company did not have any financial instruments which were carried at fair value (March 31, 2024 – \$nil).

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### Significant Accounting Judgments and Estimates

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. These are described in greater detail in Note 2 to the 2024 Financials.

### Summary of Material Accounting Policies

The material accounting policies used by the Company are described in greater detail in Note 3 to the 2024 Financials.

### Off Balance Sheet Arrangements

As at December 31, 2024 and the date of this MD&A, the Company does not have any off-balance sheet arrangements.

### Proposed Transactions

None.

### Disclosure of Outstanding Share Data as of February 27, 2025

	<b>Authorized</b>	<b>Outstanding</b>
Voting or equity securities issued and outstanding	Unlimited number of common shares	12,050,025 common shares
Securities convertible or exercisable into voting or equity		1,140,000 options outstanding and exercisable to acquire common shares of the Company; and 658,381 warrants exercisable to acquire common shares of the Company.

### Trends, Risks and Uncertainties

The Company's business is subject to a number of significant risk factors. The following are certain risk factors related to the Company, its business, and ownership of its common shares. If any event arising from the risk factors set forth below occurs, the Company's business, prospects, financial conditions, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected. Although the Company believes that the risk factors described below are the most material risks that it faces, they may not be the only risks the Company faces. Additional risk factors not presently known to the Company or that the Company currently believes are immaterial could also materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial conditions and negatively affect the value of the common shares.

#### *Material Uncertainty Related to Going Concern*

The Company has started to generate operating cash from sales of products on its Website and rental revenues from its Cloud AI Hosting business. So far, the volume of revenues is not sufficient to cover the expenditures. The expected primary source of future funds presently available to the Company is through the issuance of common shares. The ability of the Company to arrange such financing will depend, in part, on prevailing market conditions as well as the business performance of the Company. These events and conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution.

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### *Financing Risks*

There can be no assurance that the Company will ever be profitable. Capital expenditures and related costs with growing the Company's business may necessitate external equity or debt financing and there is no assurance that it will be able to secure either kind of external financing at an economically viable cost under reasonable conditions, if at all. Additional equity financing could be dilutive to Shareholders and could substantially decrease the trading price of the Shares. The Company may issue securities in the future for a number of reasons. Additional debt financing, if secured, could involve restrictions being placed on financing and operating activities which could reduce the scope of the Company operations or anticipated expansion, or involve forfeiting its interest in some or all of its assets, incurring financial penalties, or reducing or terminating its operations.

### *Limited Operating History and Negative Operating Cash Flow*

There can be no assurance that the Company will ever be profitable. The Company has paid no dividends on its common shares since incorporation and does not anticipate doing so.

To the extent that the Company has a negative operating cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative operating cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. The only presently meaningful source of funds available to the Company is through the sale of its securities. Even if the results of operations are encouraging, the Company may not have sufficient funds to conduct the further development that may be necessary. At present it is impossible to determine what amounts of additional funds, if any, may be required.

If the Company is unable to generate revenues or obtain additional financing, any investment in the Company may be lost. In such event, the ability to resell the common shares, and/or the sale price of the common shares, would be diminished.

### *Product Innovation Risks*

The Company's success depends upon its ability to develop, test, market, and support new products and enhancements on a timely basis in response to both competitive threats and marketplace demands. In addition, products and enhancements must remain compatible with the other products and systems used by the Company's customers. If new industry standards emerge that the Company does not anticipate or adapt to, the Website and/or Cloud AI Hosting lines of business could be rendered obsolete and, as a result, its business and operating results and intangible assets, as well as its ability to compete in the marketplace, would be materially harmed.

The development and success of products in the artificial intelligence sector, in particular, carry inherent risks stemming from the rapidly evolving nature of this field. The dynamic and ever-changing landscape of artificial intelligence technology means that predicting the exact outcomes or market reception of artificial-intelligence-based products is uncertain. As a result, there is no assurance of achieving the desired results or widespread market acceptance within the artificial intelligence industry, and the Company's ability to innovate and adapt to emerging artificial intelligence technologies and market demands is crucial.

There can be no assurance that the Company will be successful in the introduction, marketing and production of any new products or product innovations or develop and introduce in a timely manner updates to its existing product which satisfy customer needs or achieve market acceptance. Other sectors in which the Company may become involved, including e-commerce, Web3 / blockchain, and software-as-a-service, are also constantly evolving. The Company's failure to develop new products and introduce them successfully and in a timely manner could harm its ability to grow its business and could have a material adverse effect on its business, results of operations and financial condition.

### *Cryptocurrencies Risk*

Cryptocurrencies have a limited history; their fair values have historically been volatile, and the value of cryptocurrencies held by the Company could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Company's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

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Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware and could lead to theft of the Company's digital wallets and the loss of the Company's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, which could have an adverse effect on the Company.

The cryptocurrency exchanges on which the Company may trade on are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets. Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Company to recover money or cryptocurrencies being held on the exchange. Further, the Company may be unable to recover cryptocurrencies awaiting transmission into or out of the exchange, all of which could adversely affect an investment of the Company. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of cryptocurrencies, or may adversely affect the Company, its operations, and its investments.

Furthermore, crypto-exchanges engage in commingling their client's assets in exchange wallets. When crypto-assets are commingled transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is a risk around the occurrence of transactions or existence of period end balances represented by exchanges.

### *Loss of access risk*

The loss of access to the private keys associated with the Company's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed, or otherwise compromised and no backup is accessible the Company may be unable to access the cryptocurrency.

### *Irrevocability of transactions*

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

### *Business Expansion and Integration Risks*

The Company's success will depend, in part, on the Company's ability to expand the Company's markets and grow the Company's business in response to changing technologies, customer needs and competitive pressures. The Company may seek to grow the Company's business by acquiring complementary intellectual property, businesses, solutions or technologies, and may branch out into other sectors which may include, without limitation, Web3 / blockchain, and software-as-a-service. The identification of suitable acquisition candidates can be difficult, time-consuming and costly and the Company may not be able to successfully complete identified acquisitions. In addition, the Company may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel or operations of any company the Company acquires. Acquisitions may also involve the entry into geographic or business markets in which the Company has little or no prior experience.

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Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or the Company may be exposed to unknown liabilities. For one or more of those transactions, the Company may:

- issue additional equity securities that would dilute the holders of common shares;
- use cash that the Company may need in the future to operate its business;
- incur debt on terms unfavorable to the Company or that the Company is unable to repay;
- incur large charges or expenses or assume substantial liabilities;
- encounter difficulties retaining key employees of the acquired companies or integrating technologies; and
- become subject to adverse tax consequences, substantial depreciation or deferred compensation charges.

Any of these risks could harm the Company's business and operating results.

### *Artificial Intelligence as an Emerging Industry*

The artificial intelligence industry, including Cloud AI Hosting, is an emerging industry and NextGen cannot predict the competitive landscape in this industry nor the impact of the ever-evolving compliance regime.

### *Data Security and Privacy Risks*

The Company's data-related activities, including data transmission, storage, and privacy protection, are subject to various laws and regulations across multiple jurisdictions. These regulations aim to safeguard consumer privacy and prevent unauthorized disclosure of personal information. While the Company implements technical safeguards, it cannot ensure complete protection against unauthorized access or breaches. If third parties gain improper access to the Company's systems or databases, confidential customer data could be compromised, resulting in severe impacts on its business, customer trust, and revenues. Breaches could lead to regulatory actions, litigation, increased operating expenses, and damage to the Company's reputation. Moreover, the implementation of mandatory data breach notifications in certain Canadian provinces may amplify negative publicity and erode customer confidence in the Company's data security measures, affecting its ability to conduct business and potentially harming its overall reputation.

Data security and privacy risks primarily pertain to the Website. Cloud AI Hosting is conducted on a third-party platform, so the Company does not collect or store customer data for this service.

### *Risks Related to the Cloud AI Hosting Third-Party Platform*

The Company's Cloud AI Hosting services rely on a third-party platform, which introduces risks related to both reliability and data privacy. Any technical issues, service interruptions, or downtime experienced by the third-party platform can directly impact the Company's service delivery and customer satisfaction. Additionally, although the Company does not collect or store customer data for Cloud AI Hosting, the third-party platform handles data transmission and storage. If the third-party platform experiences a data breach or unauthorized access, the confidentiality and integrity of customer data could be compromised, leading to regulatory scrutiny, potential litigation, and reputational harm for the Company.

### *Information Technology Systems, Cyber-Attacks and Security Breaches*

The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology ("IT") systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company is susceptible to operational, financial and information security risks resulting from cyber-attacks and/or malfunctioning technology. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays, increase in capital expenses, financial losses, the inability to process transactions, the unauthorized release of customer information and reputational risk. If there was a breach in security or if there was a failure of information systems or a component of information systems, it could, depending on the nature of any such breach or failure, adversely impact the Company's reputation, business continuity and results of operations.

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The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but such breaches do occur from time to time with respect to the Website, and there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The risks of IT systems, cyber-attacks and security breaches are inherent in all online digital platforms, including the Website and Cloud AI Hosting services. The Company monitors for potential vulnerabilities and updates its security protocols as necessary.

### *Concentration Risks*

Both of the Company's businesses, the Website and Cloud AI Hosting, involve computer hardware, making the Company susceptible to losses due to adverse occurrences that may impact this industry. The Company may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Company's revenues more than the market as a whole.

### *Market Price of Common Shares and Volatility*

Securities of microcap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the common shares is also likely to be significantly affected by changes to NextGen's financial condition and results of operations.

Other factors unrelated to NextGen's performance that may affect the price of the common shares include the following: lessening in trading volume and general market interest in the common shares may affect an investor's ability to trade significant numbers of common shares; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the common shares to be delisted from the CSE, further reducing market liquidity. As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. The effect of these and other factors on the market price of the common shares is expected to make the common share price volatile in the future, which may result in losses to investors, and/or may impede the ability of investors to resell their common shares.

### *Insurance Risks*

Insurance coverage for NextGen, the Website, Cloud AI Hosting and/or any new technology platforms may not be available, may be uneconomical for the Company, or the nature or level of such insurance may be insufficient to provide adequate insurance cover. Further, the Company may not be able to insure against cyber-theft or hacking attacks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company.

The Company does not have insurance coverage for these risks.

### *Retention of Key Personnel*

The Company has a small management team and Board, and the loss of any key individual could affect the Company's business. Additionally, the Company may be required to secure other personnel to operate its proprietary businesses and/or any other micro-technology platforms it develops. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company. There are no permanent staff employed with the Company, which heightens the risk associated with the retention and availability of key personnel to maintain and grow the Company's operations.

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### *Conflicts of Interest*

Directors and officers of the Company are and may become directors and/or officers of other technology companies or have significant shareholdings in other technology companies and, to the extent that such companies may compete with the Company for business opportunities and sales, the directors and officers of the Company may have conflicts of interest. The Company and its directors and officers will attempt to minimize such conflicts through proper corporate governance and internal disclosure requirements. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia), as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

### *Regulatory Risks*

The Company will be subject to a variety of laws and regulations across all jurisdictions in which it operates, including but not limited to, intellectual property, advertising, marketing, distribution, data and information security, electronic communications, competition, consumer protection, privacy laws, unfair commercial practices, taxation, securities law compliance, online payment and payment processing services. These laws, regulations and legislation, which in some cases can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations could have an adverse impact on the Company and lead to increases in costs and expenditure as well as restrict its existing operations and ability to expand.

These laws and regulations, as well as any changes to the same and any related inquiries, investigations or any other government actions, may be costly to comply with and may delay or impede new product development, result in negative publicity, increase the Company's operating costs, require significant management time and attention, and subject it to remedies that may harm its business including fines or demands or orders that modify, or cease certain or all existing business practices, or implement costly and burdensome compliance measures. Any such consequences could adversely affect the Company's business, results of operations or financial condition.

### *Litigation Risks*

The Company may, from time to time, become involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or the outcome of these actions. Adverse outcomes in some, or all of these, claims may result in significant monetary damages or injunctive relief that could adversely affect the Company's ability to conduct its business. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time consuming and may divert the attention of management and key personnel from the Company's operations.

### *Global Semiconductor Shortage*

The global semiconductor shortage presents a significant risk to the availability and pricing of computer hardware components used in the Website's products. Supply chain disruptions and increased demand for semiconductors across various industries, including automotive and electronics, have led to challenges in sourcing essential components. The shortage could result in extended lead times, increased costs, and potential delays in product manufacturing and delivery by suppliers. The Website heavily relies on timely and reliable shipments from suppliers to fulfill customer orders. If the semiconductor shortage affects the suppliers' ability to deliver components promptly, it may lead to delays in order fulfillment and customer dissatisfaction. This could impact the Company's reputation, customer relationships, and financial performance.

### *Intellectual Property Protection and Infringement Risks*

Intellectual property infringement claims from third parties could lead to substantial costs and adversely impact the Company's business, financial position, results of operations, and reputation. The Company's ability to compete hinges on avoiding infringement or misappropriation of third-party intellectual property rights. Competitors may own patents, copyrights, trademarks, and trade secrets, potentially resulting in litigation. Although the Company has not received any infringement notices to date, increased visibility could heighten the risk of such claims. Public announcements related to any intellectual property disputes could negatively influence the price of the common shares.

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There may be third-party intellectual property rights, including trademarks of products distributed by the Company, that cover significant aspects of the Company's technologies, products, services, or business methods. Similarly, the incorporation of third-party products and services into the Company's offerings could expose it to an elevated risk of infringement claims. Intellectual property claims are unpredictable, time-consuming, and costly to settle, diverting resources and potentially leading to significant liability. Resolving such claims might involve redesigning products or services and developing alternative technology or branding. If unable to secure rights or develop non-infringing alternatives, the Company may have to limit or cease sales, impacting its competitive position, existing customers, and overall business.

The risks associated with intellectual property protection and infringement are relevant to the Website. As the Website grows and gain more visibility, the potential for intellectual property disputes may increase.

### *Increasing Adoption of Artificial Intelligence and Cloud-based Applications*

The growing adoption of artificial intelligence and cloud-based applications could potentially reduce the demand for high-performance PC hardware as cloud-based applications become more prevalent, negatively impacting the Website though potentially benefiting Cloud AI Hosting. Businesses and individuals may rely on cloud-based software applications and services that require less physical hardware. This shift in software consumption patterns could impact the Website's target market, affecting demand for certain types of PC hardware components. The Website's sales of gaming and productivity hardware may be affected by this trend, leading to changes in customer preferences and purchasing behavior. Adapting to this evolving landscape may require The Website to modify its product offerings.

### *Post-Pandemic Changes in Gaming and Work Habits*

The COVID-19 pandemic has significantly impacted consumer behaviors and work habits, including an increased focus on remote work and digital entertainment. As people gradually return to pre-pandemic routines, there is a risk that changes in gaming and work habits could affect demand for gaming and productivity hardware products. Reduced leisure time, shifting priorities, and altered gaming preferences could lead to fluctuations in demand for the Company's offerings. The extent and duration of these changes remain uncertain, and the Company may need to adapt its product offerings and marketing strategies to align with evolving consumer preferences.

## **Disclosure of Internal Controls over Financial Reporting**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Company's financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by such financial statements; and (ii) the Company's financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of:

- i) controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

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### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking statements, including those relating to the Company's future operational and development plans for the Website and Cloud AI Hosting; corporate acquisitions and business development strategy; adequacy of working capital, and anticipated revenue and expense levels; and the availability of future financing. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements.

These forward-looking statements are based on numerous assumptions that are believed by management to be reasonable in the circumstances, with respect to, among other things, the Company's strategy and future plans, financial results and operational performance, financial market conditions, and technological developments, and are subject to a number of risks and uncertainties, including without limitation those listed in the "*Trends, Risks and Uncertainties*" section of this MD&A. Actual results may differ materially from results contemplated by the forward-looking statements herein. Investors and others should carefully consider the foregoing factors and should not place undue reliance on such forward-looking statements. The Company assumes no responsibility to update forward-looking statements made herein, other than as may be required by applicable securities laws.