



**Plank Ventures Ltd.**

Management Discussion and Analysis

*(Expressed in Canadian Dollars)*

**For years ended July 31, 2024 and 2023**

## **TO OUR SHAREHOLDERS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is management's discussion and analysis ("MD&A") of Plank Ventures Ltd.'s ("Plank" or the "Company") operating and financial results for the year ended July 31, 2024, and 2023 as well as information and expectations concerning the Company's outlook based on currently available information. This report is dated November 26, 2024.

This MD&A should be read in conjunction with the Company's consolidated financial statements for the years ended July 31, 2024, and 2023. Additional information is available at [www.sedarplus.ca](http://www.sedarplus.ca).

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management no less than quarterly to review the financial statements including the MD&A and to discuss other financial, operating, and internal control matters.

### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking information including the Company's future plans. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward looking information, including but not limited to statements pertaining to the Company's future plans and management's belief as to the Company's potential involve known and unknown risks uncertainties, which could be significant, and other factors which may cause the actual results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Forward looking information is based on management's expectations regarding future growth, results of operations, future capital and other expenditures (including the amount, nature and sources of funding for such expenditures), business prospects and opportunities. These risks related to forward looking information include, but are not limited to: the risks associated with the commercial viability of any technologies the Company is in the process of developing or deploying, delays or changes in plans with respect to any technologies, costs and expenses, the risk of foreign exchange rate fluctuations, risks associated with securing the necessary regulatory approvals and financing to proceed with any planned business venture, product development or deployment, and risks and uncertainties regarding the potential to economically scale and bring to profitability any of the Company's current or planned endeavors. Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause the results of the Company's business to not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. See the Risk Management section of this MD&A for a further description of these risks. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information.

## 1. SUMMARY OF OPERATIONS AND EVENTS

Plank Ventures Ltd. (the "Company") was incorporated on May 1, 2013, under the Business Corporations Act.

The Company invests in business opportunities in the technology arena. The target investments are early-stage start-ups that have already developed a customer and revenue base and are seeking funding for expansion.

### **Investment in Votigo, Inc. ("Votigo")**

#### **a) Votigo**

As of July 31, 2024 and 2023, the Company owns 40.62% of Votigo's total outstanding issued shares (834,349 Series A and 1,111,111 Series B Convertible Preferred Share) and is the sole owner of Series B Shares. In accordance with IFRS 10, the Company has control over Votigo due to the special rights provided to holders of Series B Shares. The holders of Series B Shares have certain protective provisions whereby Votigo must obtain the consent from a majority of the holders of Series B Shares prior to entering into certain transactions. In addition, the Company entered into a voting agreement which gives the Company the right to appoint the majority of the directors of Votigo.

#### **b) US Sweeps**

As at July 31, 2024 and 2023, Votigo owns 100% of US Sweeps. Laughton Marketing Communications, Inc. dba US Sweepstakes and Fulfillment Company ("US Sweeps"), a Rochester, NY based sweepstakes and fulfillment company.

#### **c) Promotion Activators**

As at July 31, 2024 and 2023, Votigo owns 100% of Promotion Activators, a company in the sweepstakes and contest administration space. The Company has certain remaining instalment payments due on each anniversary of the original transaction.

### **Investment in ThinkCX Technologies Inc. ("ThinkCX")**

On August 30, 2018, the Company purchased 945,945 units of ThinkCX for \$350,000. Each unit consisted of one Series 1 Class A preferred share and one Series 1 Class A preferred share purchase warrant. The warrants have since expired unexercised.

As at July 31, 2024, the fair value of the ThinkCX Series 1 Class A preferred shares is \$350,000 (2023 - \$392,527).

During the year ended July 31, 2024, the Company recorded a fair value loss of \$42,527 (2023 - gain of \$7,182) on its investment in ThinkCX.

### **Investment in SiteMax Systems Inc. ("SiteMax")**

As at July 31, 2024 and 2023, the Company holds an aggregate of 1,364,594 SiteMax common shares, which represents 38.20% ownership interest. The Company determined that it does not have significant influence over SiteMax due to the fact that investee is controlled by its management who hold majority ownership of SiteMax. As at July 31, 2024, the fair value of the SiteMax common shares is \$1,765,650 (2023 - \$1,391,264).

On October 27, 2022, the Company exchanged its loans receivable with SiteMax for \$177,200 convertible promissory note (Note 8). The note carries a simple interest rate of 8% per annum and matures two years from initial closing on October 27, 2024 and available on demand thereafter the maturity date. As a result of the exchange, the Company recognized a loss on debt extinguishment of \$25,830. As at July 31, 2024, the fair value of the convertible note is \$199,983 (2023 - \$170,441).

During the year ended July 31, 2024, the Company recorded a fair value gain of \$403,928 (2023 – loss of \$215,965) on its investment in SiteMax.

**Investment in 500 Startups Canada, L.P. (“500 Startups”)**

As at July 31, 2024, the fair value of the Company's investment in 500 Startups is \$491,251 (2023 - \$530,344).

During the year ended July 31, 2023, the Company received cash distribution of \$4,904 from 500 Startups which was recognized as dividend income on the consolidated statements of income (loss) and comprehensive income (loss).

During the year ended July 31, 2024, the Company recorded a fair value loss of \$39,093 (2023 – gain of \$127,357) on its investment in 500 Startups.

**Investment in Shop and Shout Ltd (DBA “Creator”)**

As of July 31, 2024, the Company owns 1,027,472 Class A common shares (2023 – 317,647) of Creator with a fair value of \$2,953,232 (2023 – \$838,588).

On August 30, 2022, the Company invested \$300,000 in Creator in the form of a convertible promissory note carrying a 10% annual interest rate and due on August 30, 2023, and 100,000 share purchase warrants, where each warrant provides the right to purchase 1 Class A common share of Creator at \$0.50 per for a period of two years from the date of issuance. On December 5, 2022, the Company made a follow-on investment of \$200,000 into Creator in the form of a convertible promissory note carrying a 10% annual interest rate and due on August 30, 2023.

As at July 31, 2023, the fair value of the convertible promissory note was \$1,873,898 and on August 30, 2024, the Company's convertible promissory notes of \$500,000 plus accrued interest were converted into 709,825 Class A common shares.

As of July 31, 2024 and 2023, the Company also holds 100,000 warrants with the fair value of \$287,427 (2023 - \$216,190). The fair value of warrants was based on the price per share of the financing completed by Creator subsequent to year end (Note 21).

During the year ended July 31, 2024, the Company recorded a fair value gain of \$309,775 (2023 – gain of \$2,182,884) on its investment.

**Investment in Karve IT Ltd. (“Karve”)**

As at July 31, 2024, the Company owns 310,000 shares of Karve, representing approximately 34.44% ownership of the investee.

On March 29, 2022, the Company entered into a Simple Agreement for Future Equity subscription agreement (the “SAFE”) for an aggregate subscription price of \$300,000.

The SAFE provides that the investment will be converted into common shares of Karve at a price equal to \$3,000,000 divided by the capitalization of Karve. As at July 31, 2024, the fair value of the Company's SAFE investment is \$300,000 (2023 - \$300,000).

As a result of the additional investment pursuant to the original share subscription agreement, the Company obtained significant influence over Karve on April 1, 2022, and accordingly, equity method accounting was applied from that date forward.

For the year ended July 31, 2024, the Company recognized its share of Karve's net loss of \$133,906 (2023 - \$109,915) in the consolidated statements of income (loss) and comprehensive income (loss).

As at July 31, 2024, the Company's equity investment in Karve is \$582 (2023 – \$134,488).

Summarized financial information of Karve:

	July 31, 2024		July 31, 2023	
Current assets	\$	26,426	\$	230,995
Non-current assets	\$	143,076	\$	227,628
Current liabilities	\$	310,157	\$	207,019
Non-current liabilities	\$	300,000	\$	300,000
Revenue	\$	129,193	\$	100,175
Net loss for the period	\$	388,759	\$	319,109
Net loss for the period attributable to Plank	\$	133,906	\$	109,915

**Investment in East Side Games Group ("ESGG"), formerly Leaf Mobile Inc. ("Leaf")**

As at July 31, 2024, the Company holds 167,409 shares of ESGG, of which are fully unrestricted (2023 – 167,409 of which 120,730 were unrestricted). The fair value of the unrestricted shares is determined by taking the number of unrestricted shares and multiplying by price per share prevailing on the market at the date closest to date of the financial statements. The fair value of the restricted shares was based on the number of restricted shares multiplied by the price per share prevailing on the market at the date closest to date of the financial statements with a discount applied for lack of marketability ("DLOM"). The DLOM reflects the impact of the restriction period on the fair value of the shares due to the time value of money, the risk of trading price fluctuation, and the opportunity cost of not being permitted to liquidate the restricted shares and use the proceeds in an alternative investment. As at July 31, 2024, the fair value of the ESGG common shares is \$133,927 (2023 - \$86,940).

During the year ended July 31, 2024, the Company received a cash dividend of \$nil (2023 - \$3,473) which was recognized as dividend income on the consolidated statements of income (loss) and comprehensive income (loss).

During the year ended July 31, 2024, the Company recognized a fair value gain of \$46,987 (2023 –loss of \$189,172) due to change in share price of ESGG and recognized a fair value gain of \$Nil (2023 –\$34,076) due to the DLOM discount in the consolidated statements of income (loss) and comprehensive income (loss).

**Investment in CodeZero Technologies Inc. ("CodeZero")**

As at July 31, 2024, the Company holds 585,892 series one preferred shares of CodeZero (2023 – nil) with a fair value of \$429,000 (2023 - \$nil). As at July 31, 2023, the Company held an investment in a convertible promissory note with a fair value of \$328,270.

On September 15, 2021, the Company invested \$300,000 in a convertible promissory note issued by CodeZero. The note was originally due on November 15, 2022 and subsequently amended to October 1, 2023 and carried a 6% annual interest rate. The note was converted into 585,972 series one preferred share on October 1, 2023.

During the year ended July 31, 2024, the Company recognized a fair value gain of \$100,774 (2023 – loss of \$12,490) on its investment in CodeZero.

## **2. EARNINGS AND EXPENSES**

Following is a discussion of the Company's consolidated financial results for the years ended July 31, 2024, and 2023. The consolidated financial statements of the Company for the years ended July 31, 2024, and 2023, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All inter-company balances and transactions have been eliminated upon consolidation.

### **Three Months Ended July 31, 2024, and 2023**

#### **Revenue**

The Company's revenues are mainly from social promotions carried out by its controlled subsidiaries Votigo (acquired on November 12, 2019), US Sweeps (acquired October 29, 2020), and Promotion Activators (acquired April 1, 2022). The revenues for the three months ended July 31, 2024, were \$1,290,089 compared to \$1,325,893 in the three months ended July 31, 2023. The decrease is attributed to the decrease in contest development and services revenues.

#### **Expenses**

The Company's expenses for the three months ended July 31, 2024 were \$1,344,156 compared to \$ 1,213,297 for the three months ended July 31, 2023. Major variances are as follows:

- Personnel of \$797,617 for the three months ended July 31, 2024, compared to \$722,012 for the three months ended July 31, 2023. The increase is primarily related to the additional salaries and related employment costs incurred in the operations of Votigo and US Sweeps.
- Office and administration of \$250,130 for the three months ended July 31, 2024, compared to \$179,528 for the three months ended July 31, 2023. The increase is related to increase in administration and IT expenses.
- Share-based payments of \$10,352 for the three months ended July 31, 2024, compared to \$20,874 for the three months ended July 31, 2023. The decrease is related to a decrease in vesting percentage in the three months ended July 31, 2024.
- Impairment of goodwill of \$273,997 for the three months ended July 31, 2024, compared to \$Nil for the three months ended July 31, 2023. The impairment for the year ended July 31, 2024 was associated with Votigo cash generating unit.

Other items for the three months ended July 31, 2024 came to a net gain of \$103,143 compared to a net gain of \$1,755,809 for the three months ended July 31, 2023. The variance is mainly related to:

- Interest expense of \$321,791 for the three months ended July 31, 2024, compared to \$229,731 for the three months ended July 31, 2023. The increase is related to interest and accretion on term loans payable by Plank which increased in the year. This is in addition to interest on deferred payments in connection with the acquisition of Promotion Activators.
- Loss on equity investment of \$40,238 for the three months ended July 31, 2024, compared to gain of \$12,704 for the three months ended July 31, 2023. The gain/loss is related to the Company recognizing its share of net gain/loss on its investment in Karve.
- Fair value gain on investments of \$706,422 for the three months ended July 31, 2024, compared to fair value gain of \$1,982,815 for the three months ended July 31, 2023. The difference is primarily

attributed to unrealized gains on the investments in Creator, SiteMax and Codezero as well as an increase in value of the publicly traded shares of ESGG, offset by a fair value loss on investments in ThinkCX and 500 Startups.

### **Years Ended July 31, 2024, and 2023**

#### **Revenue**

The Company's revenues are mainly from social promotions carried out by its controlled subsidiaries Votigo (acquired November 12, 2019), US Sweeps (acquired October 29, 2020), and Promotion Activators (acquired April 1, 2022). The revenues for the year ended July 31, 2024, were \$5,196,002 compared to \$5,383,192 for the year ended July 31, 2023. The decrease is attributed to the decrease in contest development and services revenues.

#### **Expenses**

The Company's expenses for the year ended July 31, 2024 were \$5,315,184 compared to \$4,970,134 for the year ended July 31, 2023. Major variances are as follows:

- Personnel of \$3,169,355 for the year ended July 31, 2024, compared to \$2,826,613 for the year ended July 31, 2023. The increase is primarily related to the additional administrative and account services salaries for the Votigo group of companies.
- Office and administration of \$900,363 for the year ended July 31, 2024, compared to \$784,915 for the year ended July 31, 2023. The increase is related to increase in administration and IT expenses.
- Professional fees of \$495,135 for the year ended July 31, 2024, compared to \$490,717 for the year ended July 31, 2023. The increase is primarily related to the additional legal, accounting, and audit fees.
- Share-based payments of \$54,696 for the year ended July 31, 2024, compared to \$135,837 for the year ended July 31, 2023. The decrease is related to a decrease in vesting percentage in the three months ended July 31, 2024.
- Impairment of goodwill of \$273,997 for the year ended July 31, 2024, compared to \$Nil for the year ended July 31, 2023. The impairment for the year ended July 31, 2024 was associated with Votigo cash generating unit.
- Foreign exchange loss of \$8,898 for the year ended July 31, 2024, compared to a gain of \$19,821 for the year ended July 31, 2023. The difference is due to an unfavorable movement of the Canadian dollar foreign exchange rate.

Other items for the year ended July 31, 2024 came to a net loss of \$570,059 compared to a net gain of \$957,712 for the year ended July 31, 2023. The variance is mainly related to:

- Interest expense of \$1,062,094 for the year ended July 31, 2024, compared to \$898,395 for the year ended July 31, 2023. The increase is related to interest and accretion on term loans payable by Plank which increased in the year. This is in addition to interest on deferred payments in connection with the acquisition of Promotion Activators.

- Loss on equity investment of \$133,906 for the year ended July 31, 2024, compared to loss of \$109,915 for the year ended July 31, 2023. The loss is related to the Company recognizing its share of net loss on its investment in Karve.
- Fair value gain on investments of \$779,844 for the year ended July 31, 2024, compared to a fair value gain of \$1,933,872 for the year ended July 31, 2023. The difference is primarily attributed to unrealized gains on the investments in Creator, SiteMax and Codezero as well as an increase in value of the publicly traded shares of ESGG, offset by a fair value loss on investments in ThinkCX and 500 Startups.

### 3. LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2024, the Company had a working capital deficiency of \$5,520,762, compared to a working capital of \$4,452,683 at July 31, 2023.

During the year ended July 31, 2024, the Company received loans totalling \$475,000 from a company controlled by a significant shareholder and loans totalling \$150,800 from a company controlled by an officer. The Company had also combined loans from a company controlled by a significant shareholder for a total of \$4,805,479 and loans of \$288,557 from a controlled by an officer and extended the maturity until December 31, 2024.

The Company's continued activities over the long term are dependent upon the Company's ability to raise additional capital in the future, achieve profitability, monetize one or more of its proprietary technologies, or reduce discretionary expenditures.

### 4. SELECTED QUARTERLY INFORMATION

The following table provides a brief summary of the Company's financial results for each of the eight most recent quarters. For additional information pertaining to the Company's quarterly results, please refer to the Company's audited annual consolidated financial statements for the years ended July 31, 2023 and 2022, to the Company's condensed consolidated interim financial statements for corresponding periods, and to the MD&A for each period presented, which are available at [www.sedarplus.ca](http://www.sedarplus.ca).

#### SUMMARY OF QUARTERLY RESULTS

Quarter ended	Jul. 31	Apr. 30	Jan. 31	Oct. 31	Jul. 31	Apr. 30	Jan. 31	Oct. 31
	2024	2024	2024	2023	2023	2023	2023	2022
Revenue	\$1,290,089	\$1,401,019	\$1,042,848	\$1,462,046	\$1,325,893	\$1,220,943	\$1,360,175	\$1,476,181
Cost of revenue	174,031	161,954	130,894	160,136	137,484	112,246	142,562	132,304
Expenses	1,344,156	1,356,668	1,452,159	1,162,201	1,213,297	1,263,084	1,349,124	1,144,629
Net income (loss)	(124,955)	(313,030)	(740,923)	(137,348)	1,737,139	(434,174)	(363,408)	(87,165)
Income (loss) per share, basic	(0.01)	(0.02)	(0.04)	0.00	0.09	(0.02)	(0.03)	(0.03)
diluted	(0.01)	(0.02)	(0.04)	0.00	0.09	(0.02)	(0.03)	(0.03)



## 5. SELECTED ANNUAL INFORMATION

Year ended July 31,	2024	2023	2022
Revenue	\$ 5,196,002	\$ 5,383,192	\$ 4,196,725
Cost of revenue	627,015	524,596	474,515
Expenses	5,315,184	4,970,134	4,175,965
Other expenses (income)	570,059	(957,712)	1,310,163
Net and comprehensive income (loss)	(1,213,313)	890,059	(1,474,176)
Income (loss) per share, basic	(0.07)	0.03	(0.08)
Income (loss) per share, fully diluted	(0.07)	0.03	(0.08)
Cash	2,625,398	2,085,652	2,667,851
Working capital (deficiency)	(5,520,762)	(4,452,683)	93,129
Total assets	14,636,053	14,168,687	11,867,744
Shareholders' equity	4,278,988	5,014,142	3,685,584

## 6. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the year ended July 31, 2024, the Company received loans totalling \$475,000 from a company controlled by a significant shareholder and loans totalling \$150,800 from a company controlled by an officer. The Company had also combined loans from a company controlled by a significant shareholder for a total of \$4,805,479 and loans of \$288,557 from a controlled by an officer and extended the maturity until December 31, 2024.

Interest and accretion recorded on related party loans to companies with a common director and officer or to companies controlled by directors and/or officers or by a director of a related company were as \$992,001 during the year ended July 31, 2024 (2023 - \$799,815).

During the year ended July 31, 2024 and 2023, the Company recorded \$428,197 and \$412,568 in key management compensation to the Company's CEO and CFO.

Out of the total:

\$336,000 is included in management and consulting fees (2023 - \$336,000)

\$87,639 is included in professional fees (2023 - \$70,919)

\$4,558 is included in office and administration (2023 - \$5,649)

In addition, share-based payments of \$54,595 (2023 - \$123,395) was earned by key management and directors.

Included in accounts payable and accrued liabilities is \$573,000 (2023- \$483,956) owing to companies controlled by directors and officers of the Company. Amounts payable to related parties are unsecured, non-interest bearing and have no specified terms of repayment.

## **7. FINANCIAL INSTRUMENTS**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's cash and restricted cash, trade and other receivables, loan receivable, accounts payable and accrued liabilities approximates their carrying values. The carrying value of the Company's lease liability, term loans payable and long-term note are measured at the present value of the discounted future cash flows. The Company's listed company investments are measured at fair value using Level 1 inputs. The Company's private company investments are measured at fair value using Level 3 inputs.

Specific valuation techniques are used to fair value financial instruments, specifically those that are not quoted in an active market. These are development stage companies, as such the Company utilized a market approach:

- The use of quoted market prices in active or other public markets
- The use of most recent transactions
- Black-Scholes Option Pricing Models

There were no transfers between levels during the year ended July 31, 2024 and 2023.

### Financial Risk Factors

The Company has exposure to the following risks from its use of financial instruments:

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. All of the Company's loans payable, note payable and investments have a fixed interest rate therefore the Company is not currently exposed to interest rate risk.

#### **Credit Risk**

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company's receivables consist of trade receivables, loan receivable and government sales tax receivable. Based on the evaluation of receivables as of July 31, 2023, the Company believes that its receivables are collectable and management has determined that the credit risk is low. Credit risk of cash and restricted cash is low as cash balances are held at a reputable financial institutions.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

### **Market Risk**

Market risk is the risk that investments in shares of publicly traded companies will decline in value as a result of a decline in prices quoted in open markets. The Company is exposed to market risk as it owns shares in ESGG.

### **Currency Risk**

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency exchange risk as it has sales and contracts denominated in currencies other than the functional currency of the Company and its subsidiaries.

The Company's reporting currency is the Canadian dollar and as such the Company is exposed to foreign currency fluctuations on its US dollar denominated financial instruments. As at July 31, 2024, the Company had US dollar denominated cash of US\$328 (2023 – US\$5,444), loans receivable of US\$620,705 (2023 – US\$564,137) and loans payable of US\$538,361 (2023 – US\$474,310). As at July 31, 2024, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net income by approximately \$11,416 (2023 – \$12,554).

## **8. RISK MANAGEMENT**

Early-stage technology companies face many risks. While management is unable to eliminate risks, the Company is intent on identifying and mitigating such risks as much as is reasonably possible.

In evaluating an investment in Plank, in addition to other information contained in this MD&A, investors should consider the following risk factors associated with Plank's business of investing in startup companies. These risk factors are not a definitive list of all risk factors associated with the Company and its business.

### **Risk of Loss of Entire Investment**

Investing in startup companies involves a high level of risk. Startup companies may fail completely, or the Company may be unable to resell the shares it owns in the startups or collect upon the debt instrument that the Company has purchased from the startups. In these situations, the Company may lose the entire amount of the investment.

### **Return on Investment is Not Guaranteed**

The amount of return on investment, if any, is highly variable and not guaranteed. Some startups may be successful and generate significant returns, but many will not be successful and will only generate small returns, if any at all. Investment returns that the Company may receive will be variable in amount, frequency, and timing.

### **Delay in Return on Investment**

Any returns generated by startup companies may take several years to materialize. Most startups take five to seven years to generate any investment return, if at all.

### **Liquidity Risk**

It may be difficult to resell the investment in a startup. Startup investments are privately held companies and are not traded on a public stock exchange. Also, there is currently no readily available secondary market for private buyers to purchase securities of startups. Furthermore, there may be restrictions on the resale of the shares of the startup and the ability to transfer those shares.

### **Dilution Risk of the Investment**

Startup companies may need to raise additional capital in the future through the issue of additional shares. This will dilute the percentage of ownership that Plank has in the company.

### **Risk of Inaccurate Valuation of the Investment**

Unlike publicly traded companies that are valued through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess. The issuer will set the share price of the investment and there is a risk of overpaying for that investment.

### **Risk of Failure of the Startup**

Investments in startups are speculative and these companies often fail. Unlike an investment in a mature business where there is a track record of revenue and income, the success of a startup often relies on the development of a new product or service that may or may not find a market.

### **Risk of Profitability of Startup Companies**

A startup company is still in an early phase and may be just beginning to implement its business plan. There can be no assurance that it will ever operate profitably. The likelihood of achieving profitability should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by companies in their early stages of development. The startup company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

### **Funding risk**

A startup company may require funds in excess of its existing cash resources to fund operating expenses, develop new products, expand its marketing capabilities, and finance general and administrative activities. Due to market conditions at the time the startup company needs additional funding, it is possible that the company will be unable to obtain additional funding when it needs it, or the terms of any available funding may be unfavorable. If the company is unable to obtain additional funding, it may not be able to repay debts when they are due, or the new funding may excessively dilute existing investors. If the company is unable to obtain additional funding as and when needed, it could be forced to delay its development, marketing and expansion efforts and, if it continues to experience losses, potentially cease operations.

### **Disclosure risks**

The startup company is at an early stage and may only be able to provide limited information about its business plan and operations because it does not have fully developed operations or a long trading history. The company is also only obligated to provide limited information regarding its business and financial affairs to investors.

### **Personnel risks**

An investment in a startup is also an investment in the management of the company. Being able to execute on the business plan is often an important factor in whether the business is viable and successful. The startup company's management may not have the necessary expertise and experience to deliver on the company's business plan.

### **Competition risk**

The startup may face competition from other companies, some of which might have received more funding than the startup has. One or more of the company's competitors could offer services similar to those offered by the company at significantly lower prices, which would cause downward pressure on the prices the company would be able to charge for its services. If the company is not able to charge the prices it anticipates charging for its services, there may be a material adverse effect on the company's results of operations and financial condition.

### **Market demand risk**

While a startup company believes that there will be customer demand for its products, there is no assurance that there will be broad market acceptance of the company's offerings. There also may not be broad market acceptance of the company's offerings if its competitors offer products which are preferred by prospective customers. In such event, there may be a material adverse effect on the company's results of operations and financial condition, and the company may not be able to achieve its goals.

### **Growth risk**

For a startup to succeed, it will need to expand significantly. There can be no assurance that it will achieve this expansion. Expansion may place a significant strain on the company's management, operational and financial resources. To manage growth, the company will be required to implement operational and financial systems, procedures and controls. It also will be required to expand its finance, administrative and operations staff. There can be no assurance that the company's current and planned personnel, systems, procedures and controls will be adequate to support its future operations. The company's failure to manage growth effectively could have a material adverse effect on its business, results of operations, and financial condition.

### **Control risks**

Because the startup company's founders, directors and executive officers may be among the company's largest stockholders, they can exert significant control over the company's business and affairs and have actual or potential interests that may depart from Plank's. The company's founders, directors and executive officers may own or control a significant percentage of the startup company. In addition to their board seats, such persons will have significant influence over corporate actions requiring stockholder approval, irrespective of how the company's other shareholders, including Plank, may vote.

### **Cyber Security Risks**

As the Company continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Company relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Company believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

## **9. ACCOUNTING POLICIES & USE OF CRITICAL ESTIMATES**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from those estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Business combinations

The determination of whether a set of assets acquired, and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of Promotion Activators Management, LLC during the year ended July 31, 2022, was assessed as a business combination.

Level of control or influence over companies

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.

Intangible assets and goodwill

Management has determined that capitalized intangible asset costs may have future economic benefits and may be economically recoverable. Management uses estimates in determining the recoverable amount of intangible assets and goodwill. Intangible assets are assessed for impairment indicators at each reporting date and goodwill is tested for impairment annually. The determination of the recoverable amount for the purposes of impairment testing requires the use of estimates, such as anticipated future cash flows and discount rates.

The amortization expense related to intangible assets is determined using estimates relating to the useful lives of the intangible assets.

Valuation techniques of certain investments (Level 3)

The fair value of investments is measured using a market approach. The determination of the fair value requires significant judgement by the Company and includes the use of market multiples of comparable companies and other valuation techniques.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses an independent valuation expert to assess non-public investment values as the basis for any adjustment to the carrying value and to assess goodwill for impairment. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Revenue recognition

Revenue from contracts with customers is recognized according to the five-step process: when a contractual arrangement is in place, each performance obligation is identified, the fee is determined and allocated to each performance obligation, and the services have been provided to the customer. The Company derives revenue from the development, administration, and hosting of contests and sweepstakes on social media platforms.

The Group's principal sources of revenue and recognition of these revenues are set out in Note 3 of the Company's audited annual consolidated financial statements for the years ended July 31, 2024 and 2023.

### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

## **10. UPCOMING ACCOUNTING AND POLICIES EXPECTED**

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended July 31, 2024.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.
- Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- The Company anticipates that these amendments will not have a material impact on the results of operations and financial position of the Company.

## **11. BALANCE SHEET ARRANGEMENT**

At July 31, 2024, the company had no material off balance sheet arrangement.

## **12. PROPOSED TRANSACTIONS**

Other than as disclosed elsewhere in this document, the company does not have any proposed transactions.

## **13. OUTSTANDING SHARE DATA**

As at July 31, 2024 and the date of this report, the Company had 17,740,019 common shares issued and outstanding (July 31, 2023 – 17,740,019).

As of July 31, 2024, and the date of this report, the Company has 1,262,500 stock options and no warrants outstanding.

## **14. SUBSEQUENT EVENTS**

On August 30, 2024, The Company exercised its warrants of Creator (Note 8) and purchased 100,000 Class A common shares at \$0.50 per share.

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On October 21, 2024, the company terminated its \$300,000 SAFE in Karve (Note 8) and issued new promissory notes equivalent to the SAFE amount. The loan is on demand and bears interest at 12%.