



**AMPD VENTURES INC.**

**Management's Discussion and Analysis**  
For the years ending May 31, 2022 and 2021

# **AMPD VENTURES INC.**

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**For the years ended May 31, 2022 and 2021**

**(Expressed in Canadian dollars)**

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### **GENERAL**

This management discussion and analysis is dated October 3, 2022. The following is a discussion of the financial condition and operations of AMPD Ventures Inc. ("AMPD" or the "Company") for the years ended May 31, 2022 and 2021, and of the Company's financial condition, cash flows and results of operations.

This discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes of the Company for the years ended May 31, 2022, and 2021.

The audited consolidated financial statements of the Company for the years ended May 31, 2022 and 2021, were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All inter-company balances and transactions have been eliminated. All amounts are expressed in Canadian dollars unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of AMPD's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Management is responsible for the preparation and integrity of the consolidated 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 to ensure transparency and accountability to shareholders.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **BUSINESS HIGHLIGHTS FOR THE TWELVE-MONTH PERIOD ENDING MAY 31, 2022**

On September 9, 2021, the Company announced that it had entered into an agreement with London, Ontario-based IO Industries Inc., ("IOI") through which AMPD will become an official global reseller of IOI's range of cutting-edge digital camera and video solutions. Under the agreement between AMPD and IOI, AMPD can now sell and support the full range of IOI solutions and intends to enhance IOI's camera technology with a range of high-performance compute and cloud solutions as part of the company's High Performance Edge approach.

On October 19, 2021, the Company announced that it had closed a deal with Vancouver-based Bardel Entertainment, Inc. to provide cutting-edge NVMe-based storage as part of its AMPD Storage solution.

On November 26, 2021, the Company announced that it had closed its non-brokered private placement, raising \$6.9 million of gross proceeds via the issuance of 23 million units. As described later in this MDA, each unit comprised one common share and one common share purchase warrant. Each warrant can be converted into one common share at a price of \$0.50 for a period of two years, although the Company has the right to advance the warrant term under certain conditions.

On December 10, 2021, the Company announced that its common shares are now eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States. DTC eligibility is expected to create a seamless process of trading and enhance liquidity of the Company's common shares in the United States over time. With AMPD's shares now traded electronically in the United States, existing American investors may benefit from greater liquidity and improved execution speeds, while AMPD's shares will be available to a broader range of investors in the United States.

On December 16, 2021, the Company announced that it had acquired all of the issued and outstanding shares of

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Departure Lounge Inc., a Vancouver, BC-based company pursuing various technology and content initiatives related to the development of the Metaverse. The Company issued 3,598,195 common shares at a deemed price of \$0.30 per share related to the purchase of Departure Lounge.

The Company will use \$2.5M of the proceeds from the recently closed oversubscribed Private Placement to accelerate the operations of Departure Lounge. Departure Lounge recently signed an agreement through its operating subsidiary, 1310675 B.C. Ltd., with leading 4D holographic capture provider, Metastage Inc., to build a Metastage holographic capture facility in Vancouver, BC. Departure Lounge will build on this initial foundation with a range of Metaverse-related technology and content initiatives.

On January 5, 2022, the Company announced that Ian Wilms had joined the Company as Vice President of Business Development and Government Affairs to accelerate domestic and international growth.

On January 5, 2022, the Company announced that it had retained Red Cloud Securities ("Red Cloud") to provide market making services to the Company in compliance with the policies and guidelines of the Canadian Securities Exchange (CSE) and other applicable legislation.

On February 2nd, 2022, the Company, in partnership with Avcorp Industries Inc., Convergent Manufacturing Technologies, and LlamaZOO Interactive Inc. announced that the Digital Technology Supercluster's Learning Factory Digital Twin (LFDT) project has been extended and the scope expanded. The LFDT project was first announced in March 2019 and aims to apply digital twinning to the manufacturing process of aerospace components, creating "virtual reality versions" or digital twins of manufactured parts, processes and facilities.

On February 9th, 2022, the Company announced that it had entered into a Referral Agreement with Parsec Cloud, Inc. ("Parsec") as an initial step towards an anticipated broader collaborative relationship between the two companies.

On February 28th, 2022, the Company announced that it had signed a definitive agreement with Zhejiang Versatile Media Co Ltd. to market and supply the Versatile Virtual Production System to the world. Versatile, in conjunction with its North American subsidiary, Versatile Media Inc., based in Vancouver BC, has developed a leading-edge virtual production system that has been 'built by film makers for film makers'. The Versatile Virtual Production System is a robust, end-to-end suite of technology solutions that offers many advantages over current virtual production workflows that will help accelerate the paradigm shift towards real-time, in-camera visual effects and environments.

On March 31st, 2022, the Company announced that its subsidiary, Departure Lounge Inc., and Los Angeles-based volumetric capture pioneers, Metastage, Inc., through their Metastage Canada partnership, had been selected by Microsoft as the exclusive licensee for its volumetric capture technology in Western Canada. Metastage Canada is the first 4D holographic capture facility in the region. The stage will launch in Spring 2022 and will be designated as the exclusive Microsoft Mixed Reality Capture Studio in Vancouver, British Columbia.

On April 19th, 2022, the Company announced that its Departure Lounge subsidiary formed a mixed reality creative development team under the leadership of immersive content industry veteran, Adam Rogers, who joins the company as Vice President of Creative & Head of Studio.

### **KEY PERFORMANCE INDICATORS**

Key performance indicators that we use to manage our business and evaluate our financial results and operating performance include new customers, revenues, operating expenses, and net income. We evaluate our performance on these metrics by comparing our actual results and normalized results to management budgets, forecasts, and prior period performance. As our business matures, additional specific key performance indicators for the business will include the following:

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#### **AMPD Virtual Studio Suite**

AMPD Virtual Studio Suite is suite of tools designed to shift the bulk of a studio's compute requirement from under the desk to the AMPD Cloud, hosted in enterprise-grade data centres.

For AMPD Virtual Studio Suite, we measure and estimate performance based on the following key metrics:

- For AMPD Virtual Workstations, our key metric is the number of seats of Virtual Workstations being utilized across our customer base.
- For AMPD Render, our key metric is the number of instances of render being utilized across our customer base.
- For AMPD Storage, our key metrics are the number of terabytes (TB) of tier 1 data storage being utilized across our customer base and the number of terabytes (TB) of tier 2 data storage being utilized across our customer base.

As an organization, we continue to see to maximize profit from these activities by increasing product / market fit and optimizing systems.

#### **DESCRIPTION OF BUSINESS**

##### **AMPD Ventures Inc.**

AMPD Ventures Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on June 27, 2018 as E-Gaming Ventures Corp ("E-Gaming Ventures").

On October 11, 2019, the Company completed a reverse takeover (the "RTO") of AMPD Holdings Corp., a private company incorporated under the Canada Business Corporations Act as AMPD Game Technologies on April 8, 2015, and its wholly owned subsidiary, AMPD Game Technologies US Inc., which was incorporated on May 15, 2017, under the Secretary of State of Washington. The Company acquired 100% of the issued and outstanding common shares of AMPD Holdings Corp, resulting in AMPD Holdings Corp becoming a wholly owned subsidiary of the Company.

The Company changed its name from E-Gaming Ventures Corp. to AMPD Ventures Inc. on July 25<sup>th</sup>, 2019 and began trading on the Canadian Securities Exchange under the ticker symbol CSE:AMPD on October 24<sup>h</sup>, 2019 and on the Frankfurt Stock Exchange under the ticker symbol FSA: 2Q0 on November 4, 2019. The Company's shares became available for trading on the OTC marketplace on July 1, 2021.

The leadership at AMPD had been architecting high-performance computing ("HPC") infrastructure for nearly two decades. At their previous company, Seven Group, the team initially applied their expertise to solutions for banks, governments, and academia, and subsequently focused on building out technology infrastructure for digital media companies.

The world is now at the dawn of a new era of computing, referred to by many as The Metaverse. Venture capitalist, Matthew Ball, describes the Metaverse as "a functional, 3D spatial "successor" to the web — only this time with even greater reach, time spent, and commercial activity generating even greater economic upside than the current Internet."

In his keynote at the 2022 Augmented World Expo conference, John Riccitiello, CEO of Unity, stated that "Every single company with a 2D Internet homepage will have a 3D spatial Metaverse Hub by 2030."

This means that over the next decade, the world will entirely re-invent the Internet, turning it from 2D into 3D, and from flat screen into fully immersive virtual and mixed reality experiences.

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This paradigm shift requires a new breed of computing infrastructure, new approaches to the vast amounts of 3D digital content that will need to be created, artificial intelligence and machine learning to process the vast amounts of data required, and ubiquitous high-speed computing to serve this next generation of content to billions of consumers around the globe.

As we reinvent the entire Internet, and digital technology continues to permeate every sector of society and our lives, researchers such as those at Citi say that “the Metaverse economy could be worth as much as \$13 trillion by 2030.”

Currently, AMPD Ventures is addressing the Metaverse opportunity through two primary subsidiary companies.

- **AMPD Technologies:** High performance cloud and computing infrastructure solutions required to develop and host the Metaverse, as well as other low-latency applications
- **Departure Lounge Inc.:** The development and provision of Metaverse-related tools, technologies, and creative services, all utilizing the compute infrastructure of AMPD Technologies wherever possible.

The Company will continue to seek strategic alliances and acquisitions that bolster its mission to become a global player in the rapidly burgeoning Metaverse era.

### **AMPD Technologies**

The Company is developing three wholly owned subsidiaries (AMPD Technologies (Canada) Inc., AMPD Technologies (US) Inc., and AMPD Technologies (Europe) Limited through which to focus on leading the transition to the next generation of computing infrastructure required for the Metaverse era with state-of-the-art, high-performance computing (“HPC”) solutions.

AMPD Technologies is meeting the low-latency requirements of companies developing applications in the multiplayer video games and eSports, computer graphics rendering, machine learning and AI, mixed reality, and big data processing fields through a mix of bare metal infrastructure and an upgraded, high-performance cloud offering. AMPD expects this trend will continue to grow into as-yet-uncharted technological developments of the coming decades.

AMPD Technologies has partnered with some of the top technology companies in the industry to provide customers with the advanced Cloud and IT Infrastructure solutions.

AMPD continues to address the needs of these sectors and is also applying high-performance computing principles to the low-latency requirements of multiplayer video game publishing, as well as the intense computation requirements of digital media production and distribution, where massive amounts of high-performance computing resources are required for the development, rendering and distribution of products. As gaming continues to transition from the basement to the sports arena, AMPD intends to increase its focus on providing infrastructure for latency-sensitive eSports games across North America and Europe.

### **Principal Products & Solutions**

AMPD Technologies supplies high-performance computing solutions for both the development of cutting-edge digital content, as well as the deployment and distribution of cutting-edge digital content.

Based on decades of experience in high-performance computing, AMPD Technologies has developed ‘AMPD Cloud Plus’, a platform combining the power of high-performance computing architecture with the convenience of the cloud business model. To date, AMPD Cloud Plus has been deployed on ‘AMPD Pods’ in three major markets, both in our own AMPD Data Centre in Vancouver, BC, Canada, and in partner data centres in Los Angeles and Amsterdam.

AMPD Cloud Plus blends the flexibility and elasticity of public cloud deployment with AMPD's approach to high-

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performance computing. The result is a radically simplified and automated cloud infrastructure at exceptionally competitive pricing without any compromise on performance; Entire rack virtualization for virtual management of routers, networks, VLANs, VPNs, firewalls, servers, and software delivery automation as a complete solution, from a consolidated dashboard; Application hosting, big data management, backup and disaster recovery, managed cloud security.

It is expected that additional AMPD Pods will be deployed in key markets over the coming months.

The majority of AMPD Technologies' solutions are hosted on the AMPD Cloud Plus platform, and can be broadly divided into two key categories:

- **AMPD Create:** products and solutions for customers creating cutting-edge digital content and applications.
- **AMPD Deploy:** products and solutions for customers deploying and distributing cutting-edge digital content and applications to end users and consumers.

AMPD CREATE	
<b>AMPD Virtual Studio Suite</b>	The AMPD Virtual Studio Suite is the result of the AMPD team's decades of experience working with digital content creators and offers an integrated suite of private cloud-based solutions designed to create the ultimate 'infrastructure-less' studio. AMPD Virtual Studio is comprised of three key components: AMPD Virtual Workstations, AMPD Render, and AMPD Storage. By moving the bulk of a studio's compute requirements offsite into secure, enterprise-grade AMPD hosting environments, studios gain the advantage of a fully composable, flexible compute environment with the convenience of the cloud's right-scaled business model.
<b>AMPD Virtual Workstations</b>	AMPD's Virtual Workstation offering is a tailored, high-performance VDI solution designed specifically for digital media workloads and pipelines, presented as an orchestrate-able pool of resources that can be reallocated as demands shift.
<b>AMPD Render</b>	AMPD Render provides significant performance improvements and cost savings compared with other render solutions. AMPD Render provides the performance and attractive economics of bare metal with the flexibility of Cloud-based solutions. We offer both CPU-based and GPU-based solutions.
<b>AMPD Storage</b>	AMPD Storage represents a tiered approach to data storage, including tier 1 ultra-high speed NVMe-based storage fronted by a parallel file system that enables thousands of compute cores to access the data simultaneously, cost-effective, tier 2 SSD flash-based storage, and tier 3 spinning disk storage for archive. All tiers are being made available to customers under a right-scaled, 'op-ex' business model through which they only pay for the storage they need. AMPD Storage will be part of the recently announced AMPD Virtual Studio Suite and be collocated alongside AMPD Virtual Workstation and AMPD Render solutions in urban data centres in keeping with AMPD's development of the High-

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	Performance Edge.
<b>AMPD DEPLOY</b>	
<b>AMPD Ultimate Edge</b>	AMPD's Flexible Edge computing system enables customers to deploy opex infrastructure in studio or on set with secure, ready-to-go, self-contained racks shipped directly from our DC.
<b>AMPD Virtual Production Services</b>	End-to-end, integrated solutions for the new era of real-time and virtual production workflows, including LED volumes, camera tracking and the associated compute infrastructure.
<b>AMPD Machine Learning Platform</b>	AMPD is in the process of developing a Machine Learning / AI private and public cloud initiative designed to cater to the requirements of academic institutions and companies in the artificial intelligence ("AI"), machine learning and deep learning sectors.
<b>AMPD Custom Shop</b>	Where on-premises equipment is still the optimal solution, AMPD Studio is underpinned by our understanding of the industry and allows AMPD to provide customized technology infrastructure specifically for game developers and publishers. From workstations to servers, storage, and security infrastructure, AMPD works with developers to design and deploy technology specific to their studio's exact needs.

#### Cloud A Computing Inc.

Continues to be integrated into the day-to-day operations of AMPD Technologies.

#### Departure Lounge Inc.

Departure Lounge brings together the experience and expertise of its founding team to develop a cohesive range of Metaverse-focused technology and content opportunities, including a joint venture with holographic capture pioneers, Metastage Inc., to bring their world-leading holographic capture platform to Canada.

Departure Lounge was acquired by AMPD Ventures Inc. (CSE: AMPD) in December 2021. It operates as an independent business unit while taking full advantage of the high-performance cloud and compute solutions being offered by AMPD Technologies Inc.

#### Principal Products & Solutions

<b>STUDIO</b>	
<b>Metastage Volumetric Capture</b>	<p>Departure Lounge signed a definitive agreement with holographic capture pioneers, Metastage Inc., in August 2021, through which Departure Lounge has brought Metastage's world-leading holographic capture solution to Canada as the exclusive licensee for Microsoft Mixed Reality Capture Studios holographic capture technology in Western Canada.</p> <p>4D holographic capture is the process of turning human performances into 3D 'volumetric' digital models, ready for use across a range of applications. The Vancouver stage is now fully certified and operational, with significant interest being generated</p>

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	among local companies.
<b>Move.ai Markerless Motion Capture</b>	The Move.ai platform extracts natural human motion from video using advanced AI, Computer Vision, Biomechanics and Physics, automatically retargeting the data to character rigs. The platform removes the need for traditional motion capture suits which can be restrictive and uncomfortable, resulting in sensor drift, interference and extensive data clean up.
<b>ARwall LED Production Wall</b>	AR Wall combines award-winning tech with the top AR/XR platforms in the world to deliver turnkey solutions for mass audiences in venues, immersive kiosks, interactive XR walls, and more. ARwall's touch-free technology integrates with industry-leading computer vision, body tracking, and immersive XR interaction with data capture driven by ARwall's camera array. Departure Lounge recently acquired a 10.5' x 20.5' AR Wall that was used in the recent production of the Muppets Haunted Mansion movie.
<b>CREATIVE</b>	
<b>Creative Services Team</b>	Departure Lounge hired immersive content industry veteran, Adam Rogers, as Vice President of Creative & Head of Studio. Adam is leading the development of our own creative services team that will utilize the output of our technology platforms to help build 3D spatial applications. The team is already seeing significant interest from customers requiring both linear and interactive experiences across a range of applications including entertainment, education, training, and simulation, and across a range of devices, from high-end VR headsets through mobile devices, and the latest AR wearable technologies.
<b>Web3 Team</b>	<p>The emergence of the blockchain enabled 'Web3' has opened the door to entirely new business models, methods of user acquisition and community engagement, and IP monetization. The speed and scale of growth experienced by many companies in the space is without precedent.</p> <p>Departure Lounge is taking a multi-pronged approach to earning its place in this new and rapidly advancing ecosystem. While the team is developing in-house and work-for-hire projects leveraging current Web3 best practices, the internal 'brain trust' is laying the foundation for rapidly scalable, technology-driven content distribution and monetization models.</p>

## SUMMARY OF KEY EVENTS AND FUTURE PLANS

During the year ended May 31, 2022, 2,975,000 stock options were awarded, leaving 8,500,000 options outstanding at May 31, 2022. During the year ended May 31, 2021, the Company issued 5,175,000 stock options and 1,250,000 stock options were either cancelled or forfeited, resulting in 5,525,000 stock options outstanding



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at May 31, 2021.

During the year ended May 31, 2021, the Company:

- issued 500,000 common shares on the exercise of 500,000 performance warrants for gross proceeds of \$300.
- completed a private placement of 600,000 units for cash proceeds of \$120,000. Each unit comprised one share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share for a period of one year. The CEO and director of the Company was the sole subscriber for this private placement. The Company incurred \$200 in share issuance costs in connection to this private placement.
- completed an arrangement through which it settled \$308,000 of lease liabilities in exchange for 1,540,000 units at a price of \$0.20 per unit. Each unit was comprised of one common share and one common share purchase warrant having an exercise price of \$0.30 and a term of 24 months from the date of closing. The Company recorded a fair value of \$277,200 on 1,540,000 common shares and \$174,288 on 1,540,000 share purchase warrants. As a result, the Company recorded a loss of \$143,488 in connection to this settlement.
- completed a private placement of 4,735,500 units at a price of \$0.10 per unit for gross proceeds of \$473,550. Each unit includes one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.15 per share for a period of one year. Three directors and officers and a former officer of the Company subscribed for an aggregate of 2,745,500 units in this private placement. The Company incurred \$900 in share issuance costs in connection to this private placement.
- completed a non-brokered private placement of 5,666,666 units at a price of \$0.15 per unit for gross proceeds of \$850,000. Each unit includes one common share and one share purchase warrant exercisable at a price of \$0.25 per share for a period of three years. The Company incurred \$700 in share issuance costs in connection to this private placement.
- completed a non-brokered private placement totaling 4,906,000 units at a price of \$0.25 per unit for aggregate proceeds of \$1,226,500. Each unit includes one common share and one share purchase warrant exercisable at a price of \$0.40 per warrant for a period of two years. The expiry date of the warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the warrants, the volume weighted average trading price of the underlying common shares on the CSE (or such other recognized Canadian stock exchange on which the common shares are then listed) is or exceeds \$0.75 for a period of ten (10) consecutive trading days. The Company issued 163,200 in agent's warrants at an exercise price of \$0.40 per warrant for a period of two years and recorded a fair value of \$29,712 on the agent's warrants. The Company incurred \$42,713 in share issuance costs in connection to this private placement.
- issued 5,175,000 stock options and 1,250,000 stock options were either cancelled or forfeited, resulting in 5,525,000 stock options outstanding as at May 31, 2021.

During the year ended May 31, 2022, the Company:

- on June 2, 2021, the Company completed the Share Purchase Agreement with Cloud-A Computing Inc. ("Cloud-A") and its shareholders to acquire all of the issued and outstanding shares of Cloud-A for a consideration of \$311,247 cash and 1,760,001 common shares of the Company at a fair value of \$267,300 ("Cloud-A Purchase Shares"). The Cloud-A Purchase Shares are subject to contractual resale restrictions for two years from the date of issuance and will be released in four equal instalments every six months following the closing of the Acquisition. Further, the Company assumed repayment of a loan between Cloud A and its shareholders of \$74,757, which has been repaid.
- on December 16, 2021, the Company completed the Share Purchase Agreement with Departure Lounge Inc. ("Departure Lounge") and its shareholders to acquire all of the issued and outstanding shares of Departure Lounge for a consideration of 3,598,195 common shares of the Company at a fair value of \$1,344,617 ("DL Purchase Shares"). 50% of the DL Purchase Shares are subject to contractual resale restrictions for two years from the date of issuance and will be released in four equal instalments every six months following the closing of the Acquisition. The Parties also established a performance-based profit-sharing plan as part of the Acquisition.
- issued an aggregate of 3,442,654 common shares on the exercise of 3,442,654 warrants at an exercise price between \$0.0006 and \$0.40 for gross proceeds of \$564,179.

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- completed a non-brokered private placement of 23,139,663 units at a price of \$0.30 per Unit, for gross proceeds of \$6,941,900. Each Unit is comprised of one common share of the Company (each a 'Share') and one common share purchase warrant (each a "Unit Warrant" and, collectively, the "Unit Warrants"), with each Unit Warrant entitling the holder to subscribe for one Share (each a "Warrant Share" and, collectively, the "Warrant Shares") at an exercise price of \$0.50 per Warrant Share for a period of 24 months. The expiry date of the Unit Warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the Unit Warrants, the volume weighted average trading price of the underlying Shares on the CSE (or such other recognized Canadian stock exchange on which the Common Shares are then listed) is or exceeds \$0.80 for a period of ten consecutive trading days. Later, 500,000 common shares with a value of \$150,000 were returned to treasury.
- issued 2,975,000 stock options, resulting in 8,500,000 stock options outstanding as at May 31, 2022.

Subsequent to May 31, 2022, the Company:

- on September 1, 2022, the Company completed a non-brokered private placement of 13,053,571 units at a price of \$0.14 per Unit, for gross proceeds of \$1,827,500. Each Unit is comprised of one common share of the Company (each a 'Share') and one common share purchase warrant (each a "Unit Warrant" and, collectively, the "Unit Warrants"), with each Unit Warrant entitling the holder to subscribe for one Share (each a "Warrant Share" and, collectively, the "Warrant Shares") at an exercise price of \$0.20 per Warrant Share for a period of 18 months. The Company paid total finder's consideration of CAN\$92,630 in cash and 661,640 Unit Warrants across the Private Placement.

### CHANGES TO BOARD OF DIRECTORS AND MANAGEMENT

On December 16, 2021, the Company announced that James Hursthouse was appointed as a Director of the Company. Mr. Hursthouse will continue in his position as Chief Strategic Officer of AMPD and assumes the role of CEO of Departure Lounge, a subsidiary of the Company. On April 19, 2022, the Company announced that Robert Kang resigned as a Director of the Company. On September 12, 2022, the Company announced that Tanya Woods was appointed as a Director of the Company. Ms. Woods is a Canadian-American entrepreneur, technology lawyer, and policy leader working in the verticals of mainstream and digital media, telecommunications, AI and blockchain, and high-performance computing infrastructure. She is currently the CEO of Futurity Partners, a strategic consulting firm advising public and private sector organizations on exponential and innovative technologies, digital policy, and ESG matters.

### SELECTED ANNUAL INFORMATION

Year ended May 31,	2022	2021	2020
Revenue	\$ 3,229,702	\$ 1,549,741	\$ 1,173,638
Operating expenses	6,601,673	4,016,366	5,360,355
Interest expense and finance costs	(163,768)	(107,861)	(118,221)
Acquisition expense	(1,399,086)	-	-
Other income (expenses)	(43,468)	(132,036)	(3,230,527)
Net income (loss)	(7,115,246)	(3,279,193)	(8,236,529)
Loss per share, basic and fully diluted	(0.09)	(0.07)	(0.26)
Cash	1,134,157	1,608,342	938,661
Working capital (deficiency)	255,611	966,829	(3,714)
Total assets	7,279,933	2,939,071	2,771,022
Total liabilities	3,096,599	1,192,833	1,763,996
Shareholders' equity (deficiency)	\$ 4,183,334	\$ 1,746,238	\$ 1,007,026

The Company presently does not pay and does not anticipate paying any dividends on its common shares, as all

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available funds will be used to develop the Company's business for the foreseeable future. Operating expenses have increased each year as the Company increases staff in expectation of increased sales, and as the Company expands, with the acquisition and expansion of the Departure Lounge. See Discussion of Operations below for a discussion of factors which have contributed to period-to-period variations.

### SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters.

Quarter ended	Revenues	Operating Expenses	Net Loss for the Period	Earnings (Loss) per share *
May 31, 2022	\$ 928,446	\$ 1,944,775	\$ (3,316,552)	\$ (0.04)
February 28, 2022	1,671,915	2,112,749	(1,630,977)	(0.02)
November 30, 2021	295,867	1,246,825	(1,076,831)	(0.02)
August 31, 2021	333,474	1,297,324	(1,090,886)	(0.02)
May 31, 2021	423,614	1,345,946	(1,238,737)	(0.02)
February 28, 2021	445,483	839,150	(636,203)	(0.01)
November 30, 2020	248,430	931,718	(779,135)	(0.02)
August 31, 2020	432,214	899,552	(627,106)	(0.01)

Individual sales to the Company's major customers may represent a significant portion of the Company's revenues in a quarter and the timing of closing these sales may cause variation in revenues from quarter to quarter. The Company intends to continue to expand its services which generate recurring revenue in the form of monthly fees for multi-year contracts or utilization-based billing which it expects will smooth variations in quarterly revenues. The May 2022 quarter reflects a \$1.4 million non-cash acquisition expense related to the Departure Lounge purchase. The May 2021 quarter reflects a share-based valuation expense related to stock options issued of \$0.5 million.

### THREE MONTHS ENDED MAY 31, 2022

The net loss during the three months ended May 31, 2022 increased to \$3,316,552 (\$0.04 per share) from \$1,238,737 (\$0.02 per share) in the three months ended May 31, 2021. The May 2022 quarter reflects a \$1,399,086 million non-cash expense related to the Departure Lounge purchase. Increased salary expense and data centre costs created most of the increase in the May 2022 expenses.

Operating expenses were increased in the May 2022 period as the Company continued to expand and pursue new business lines. Salaries were increased as the Company enhanced the depth and breadth of its product line and provided sales and support staff in advance of sales. The acquisitions of Departure Lounge and Cloud A also contributed to the salaries increase. Data centre costs increased mostly due to additional infrastructure investments.

The DL acquisition did not meet the accounting definition of a business. Further, the sequencing of the acquisition prohibits the Company from recognizing an asset on acquisition, under the accounting rules. As a result, the Company reported a non-cash expense of \$1,399,086 on the acquisition price, being the amount of consideration above net tangible assets acquired. This accounting entry does not change the outlook or the business prospects of DL. Management continues to see very positive progress of the Company's DL investment.

Following is a discussion of the Company's financial results for the three-month period ended May 31, 2022, compared to the same period in the prior fiscal year.

## AMPD VENTURES INC.

### Management's Discussion and Analysis

For the years ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

#### Revenue

	Three months ended May		Variance from 2022 to 2021	
	31			
	2022	2021		
Hardware sales	\$ 690,745	\$ 86,000	\$ 604,745	703%
Software licensing fees	-	8,637	(8,637)	(100)%
Platform fees	216,644	319,414	(102,770)	(32)%
Support and maintenance and other	21,057	9,563	11,494	120%
<b>Total</b>	<b>\$ 928,446</b>	<b>\$ 423,614</b>	<b>\$ 504,832</b>	<b>119%</b>

Consolidated revenues for the three-month period ended May 31, 2022 increased by \$504,832 (119%) compared to the three-month period ended May 31, 2021. One significant hardware sale created most of the increase. The Company is strategically focused on increased platform sales and fewer hardware sales. However, hardware sales are intermittent, generally not attracting large margins, but can influence quarterly sales. Platform fees generate stronger gross margins. The rate of increase was below expectations due to a general economic slowdown as a result of COVID-19 uncertainty and restrictions.

#### Operating, General and Administrative ("G&A") Expenses

	Three months ended May 31		Variance from 2022 to 2021	
	2022	2021		
Bank charges	\$ (1,539)	\$ 2,738	\$ 4,277	
Salaries & consulting fees	1,071,810	419,227	(652,583)	
Data centre costs	82,299	132,828	50,529	
Dues and subscriptions	3,396	526	(2,870)	
Insurance	24,833	11,967	(12,866)	
Office and miscellaneous	49,899	41,639	(8,260)	
Investor relations	202,942	-	(202,942)	
Professional fees	100,510	80,943	(19,567)	
Regulatory fees	8,597	10,731	2,134	
<b>Total G&amp;A expenses</b>	<b>\$ 1,542,747</b>	<b>\$ 700,599</b>	<b>\$ (842,148)</b>	

During the three months ended May 31, 2022, G&A expenses increased by \$842,148 as compared to the three months ended May 31, 2021. The increase in G&A expenses is primarily due to an increase in salaries, combined with investor relations. Salaries and consulting fees increased as new staff were hired to help win and support the anticipated sales increases. Data centre costs were incurred with the opening of operations at DC1 in 2020, with the 2021 period also reflecting expenses related to new data centres opened in the period.

#### YEAR ENDED MAY 31, 2022

The net loss during the year ended May 31, 2022 increased to \$7,115,246 (\$0.09 per share) from \$3,279,193 (\$0.07 per share) in the year ended May 31, 2021. The \$1.4 million acquisition expense on the Departure Lounge acquisition was a significant expense item in fiscal 2022. Increased sales were offset by salaries and data centre costs, creating most of the increased loss.

Following is a discussion of the Company's financial results for the year ended May 31, 2022, compared to the same period in the prior fiscal year.

## AMPD VENTURES INC.

### Management's Discussion and Analysis

For the years ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

#### Revenue

	Year ended May 31		Variance from 2022 to 2021	
	2022	2021		
Hardware sales	\$ 2,277,404	\$ 368,294	\$ 1,909,110	518%
Software licensing fees	386	56,308	(55,922)	(99)%
MRR platform fees	889,557	1,083,091	(193,534)	(18)%
Other	62,355	42,048	20,307	48%
Total	\$3,229,702	\$1,549,741	\$ 1,679,961	108%

Consolidated revenues for the year ended May 31, 2022 increased by \$1,679,961 compared to the year ended May 31, 2021. One significant hardware sale created most of the increase. The Company is strategically focused on increased platform sales and fewer hardware sales. However, hardware sales are intermittent, generally not attracting large margins, but can influence quarterly sales. Platform fees generate stronger gross margins. The rate of increase was below expectations due to a general economic slowdown as a result of COVID-19 uncertainty and restrictions.

#### Revenue by geographic region

	Year ended May 31,		Variance from 2022 to 2021	
	2022	2021		
Canada	\$3,229,702	\$1,549,741	\$ 1,679,961	108%
United States	-	-	-	-
Total	\$3,229,702	\$1,549,741	\$ 1,679,961	108%

During the year ended May 31, 2022, total revenues in Canada increased by \$1,679,961 compared to revenues in Canada during the year ended May 31, 2021, and revenues in the United States were negligible.

#### Revenues and Cost of Sales

	Year ended May 31,		Variance from 2022 to 2021	
	2022	2021		
Revenue	\$ 3,229,702	\$ 1,549,741	\$ 1,679,961	108%
Cost of sales	2,136,953	572,671	(1,564,282)	(273)%
Gross profit	\$ 1,092,746	\$ 977,070	\$ 115,679	12%

Total sales and gross profit increased in 2022 as compared to 2021. While higher margin Monthly Recurring Revenue (MRR) was down slightly due to Supercluster revenue in 2021 that did not recur in 2022, most of the sales increase was created by hardware sales. Significant resources were deployed to expand the depth and breadth of the product offering available to MRR customers. The Company has seen interest in its products increase steadily and it now has an expanded list of companies interested in its products. The Departure Lounge acquisition also opens additional revenue streams. The Company is strategically focused on increased platform sales and fewer hardware sales. Hardware sales are intermittent and generally do not attract large margins. Platform fees generate stronger gross margins.

#### Non-cash and One-time Charges

	Year ended May 31,		Variance
	2022	2021	
Share-based payments	\$ 776,614	\$ 946,444	\$ 169,830
Amortization	976,693	644,566	(332,127)
Acquisition expense	1,399,086	-	(1,399,086)
Loss on sale of equipment	71,700	-	(71,700)
Loss on debt settlement	-	143,488	143,488
Total	\$ 3,224,093	\$ 1,734,498	\$ (1,489,595)

During the year ended May 31, 2022, non-cash charges were significant expense items. Share-based payments include \$776,614 related to the award of 2,975,000 stock options under the stock option plan and to the mark-to-

## AMPD VENTURES INC.

### Management's Discussion and Analysis

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market revaluation of certain stock options issued to investor relations consultants. The loss on the DL acquisition in 2022 resulted from an application of the accounting rules for acquisitions as explained above. Amortization increased in the 2022 reporting period as more assets were deployed in service. The loss on sale of equipment resulted from the termination of a lease contract. The loss on debt settlement relates to issuing warrants and shares in payment of a \$308,000 lease obligation in 2021.

#### *Selling and Marketing*

	Year ended May 31,		Variance
	2022	2021	
Advertising and promotion	\$ 104,692	\$ 66,777	\$ (37,915)
Travel and entertainment	159,344	7,634	(151,710)
<b>Total</b>	<b>\$ 264,036</b>	<b>\$ 74,411</b>	<b>\$ (189,625)</b>

During the year ended May 31, 2022, selling and marketing expenses increased by \$189,625 compared to the year ended May 31, 2021. Advertising and travel expense increased in the 2022 year as COVID-19 restrictions were eased and live trade shows began to restart.

#### *Operating, General and Administrative ("G&A") Expenses*

	Year ended May 31,		Variance
	2022	2021	
Bank charges	\$ 8,323	\$ 8,135	\$ (199)
Salaries & fees	3,124,971	1,456,871	(1,668,100)
Data centre costs	446,624	247,250	(199,374)
Dues and subscriptions	40,128	3,253	(36,875)
Insurance	58,017	42,670	(15,347)
Office and miscellaneous	288,631	203,401	(85,230)
Investor relations	202,942	-	(202,942)
Professional fees	373,735	361,893	(11,842)
Regulatory fees	40,948	27,472	(13,476)
<b>Total G&amp;A expenses</b>	<b>\$ 4,584,330</b>	<b>\$ 2,350,945</b>	<b>\$ (2,233,385)</b>

During the year ended May 31, 2022, G&A expenses increased by \$2,233,385 as compared to the three months ended May 31, 2021. The increase in G&A expenses is primarily due to an increase in salaries, combined with data centre costs and office costs. The Company engaged investor relations firms in 2022 to assist with its efforts to engage shareholders. Salaries and consulting fees increased as new staff were hired to help win and support the anticipated sales increases. Data centre costs were incurred with the opening of operations at DC1 in 2020, with the 2021 period also reflecting expenses related to new data centres opened in the period. Increased office costs reflected lease related expenses.

#### *Foreign exchange and Interest and financing costs*

	Year ended May 31,		Variance
	2022	2021	
Foreign exchange	\$ (18,706)	\$ 5,196	\$ 23,902
Interest and financing expense	154,242	91,213	(63,029)
<b>Total</b>	<b>\$ 135,536</b>	<b>\$ 96,409</b>	<b>\$ (39,127)</b>

Interest and financing costs for the year ended May 31, 2022 increased by \$63,029. The Company significantly increased its lease debt over the comparable quarters, in order to expand its services around the world, while adding lease financing for some equipment. During the February 2022 quarter, the Company repaid its convertible debt to its CEO. Also, in 2021, the Company repaid the line of credit.

## **AMPD VENTURES INC.**

### Management's Discussion and Analysis

For the years ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

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#### **LIQUIDITY**

As at May 31, 2022, the Company had working capital of \$255,611 (May 31, 2021 – \$966,829). The Company expects to continue to report operating losses for the immediate future.

Cash of \$3,782,647 was used in operations, of which \$329,279 was increased prepaids, mostly related to down payments on capital equipment, and \$556,272 related to accounts receivable. Cash of \$311,247 was used in the acquisition of Cloud A during the August 31, 2021 quarter. Equipment of \$2,586,716 was purchased in the year ended May 31, 2022. The Company reported purchases of \$33,500 of digital currencies in the 2022 fiscal year. The Company also made strategic investments of \$326,480 in the year ended May 31, 2022. The Cloud A acquisition will provide technical depth to AMPD and will allow AMPD to give customers flexibility and performance when decoupling themselves from other services.

Net cash of \$5,922,060 was provided by financing activities. The Company raised \$7,159,755, net of costs, via a private placement and the exercise of warrants, mostly in the November 2021 quarter. The Company made \$705,985 of lease payments, and debt repayments were \$347,174 in the year ended May 31, 2022.

The Company experiences significant fluctuations in liquidity due to the timing of sales to major customers whereas operating expenses are generally incurred evenly throughout the fiscal year. The Company does not have significant levels of inventory or constraints on its working capital other than regular operating expenses.

The Company expects to continue to raise cash in future private placements to fund its expansion and fund future operations until it can become self-sufficient.

#### **COMMON SHARES**

The Company acquired capital resources to expand operations through the issuance of shares as follows:

On February 7, 2020, the Company closed its private placement financing of 4,119,000 units for total gross proceeds of \$978,263. Each Unit is comprised of one common share and one-half of one common share purchase warrant having an exercise price of CAD \$0.50 per whole warrant expiring February 7, 2021.

On June 1, 2020, the Company completed a private placement of 600,000 units at a price of \$0.20 per unit for gross proceeds of \$120,000. Each unit includes one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share for a period of one year. The CEO and director of the Company was the sole subscriber for this private placement. The Company incurred \$200 in share issuance costs in connection to this private placement.

On June 1, 2020, the Company completed an arrangement through which the Company settled \$308,000 of future transactions with a third party in exchange for 1,540,000 units. Each unit will be comprised of one common share and one common share purchase warrant having an exercise price of \$0.30 and a term of 24 months from the date of closing. The Company recorded a fair value of \$277,200 on 1,540,000 common shares and \$174,288 on 1,540,000 share purchase warrants. As a result, the Company recorded a loss of \$143,488 in connection to this settlement.

On December 14, 2020, the Company closed a private placement through the issuance of 4,735,000 units for proceeds of \$473,550. Each unit comprised one common share and one-half common share warrant. Each full warrant can be converted to a common share at a price of \$0.15 per share for 12 months. Insiders purchased 2,745,500 of these units. The Company incurred \$900 in share issuance costs in connection to this private placement.

On March 9, 2021, the Company completed a non-brokered private placement of 5,666,666 units at a price of \$0.15 per unit for gross proceeds of \$850,000. Each unit includes one common share and one share purchase warrant exercisable at a price of \$0.25 per share for a period of three years. The Company incurred \$700 in share issuance costs in connection to this private placement.

## **AMPD VENTURES INC.**

### **Management's Discussion and Analysis**

**For the years ended May 31, 2022 and 2021**

**(Expressed in Canadian dollars)**

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On April 29, 2021, the Company completed a non-brokered private placement totaling 4,906,000 units at a price of \$0.25 per unit for aggregate proceeds of \$1,226,500. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.40 per warrant for a period of 24 months. The expiry date of the warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the warrants, the volume weighted average trading price of the underlying Common Shares on the CSE (or such other recognized Canadian stock exchange on which the Common Shares are then listed) is or exceeds \$0.75 for a period of ten (10) consecutive trading days.

On June 3, 2021, issued 1,760,001 common shares at a fair market value of \$267,300 to the shareholders of Cloud-A to acquire 100% of Cloud-A.

On December 16, 2021, the Company issued 3,598,195 common shares at a fair market value of \$1,344,617 to acquire 100% of Departure Lounge.

Issued an aggregate of 3,442,654 common shares on the exercise of 3,442,654 warrants at an exercise price between \$0.0006 and \$0.40 for gross proceeds of \$564,179.

On November 25, 2021, the Company completed a non-brokered private placement totaling 23,139,663 units at a price of \$0.30 per unit for aggregate proceeds of \$6,941,900. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.50 per warrant for a period of 24 months. The expiry date of the warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the warrants, the volume weighted average trading price of the underlying Common Shares on the CSE (or such other recognized Canadian stock exchange on which the Common Shares are then listed) is or exceeds \$0.80 for a period of ten (10) consecutive trading days. Later, 500,000 common shares with a value of \$150,000 were returned to treasury.

Issued 2,975,000 stock options, resulting in 8,500,000 stock options outstanding as at May 31, 2022.

### **DISCLOSURE OF OUTSTANDING SHARE DATA**

As at the date of this MD&A, May 31, 2022 and May 31, 2021, the Company's issued and outstanding common shares were:

	October 3, 2022	May 31, 2022	May 31, 2021
Common shares issued and outstanding	103,708,590	90,655,019	59,214,506

On September 1, 2022, the Company completed a non-brokered private placement of 13,053,571 units at a price of \$0.14 per Unit, for gross proceeds of \$1,827,500. Each Unit is comprised of one common share of the Company (each a 'Share') and one common share purchase warrant (each a "Unit Warrant" and, collectively, the "Unit Warrants"), with each Unit Warrant entitling the holder to subscribe for one Share (each a "Warrant Share" and, collectively, the "Warrant Shares") at an exercise price of \$0.20 per Warrant Share for a period of 18 months. The Company paid certain finders CAN\$60,584 in cash, and 432,740 Unit Warrants as finder's fees, resulting in total finder's consideration across the Private Placement of CAN\$92,630 in cash and 661,640 Unit Warrants.

### **OFF-BALANCE SHEET AND OTHER ARRANGEMENTS**

During the year ended May 31, 2017, the Company issued 500,000 (849,800 units at the conversion ratio) royalty units at \$0.50 per unit for gross proceeds of \$250,000. Each royalty unit is comprised of one common share and one non-transferrable special warrant. Holders of the special warrants are entitled to receive a pro-rata share of 0.83% of the Company's annualized gross sales, to a maximum of 80% of net profit for that year, so long as the Company maintains a positive annual EBITDA. Once holders of the special warrants have received an amount equal to the aggregate purchase price of the royalty units, the Company may at its sole discretion convert each special warrant to one-half of one share purchase warrant, being 424,904 half warrants. Each whole share purchase warrant issued on conversion of the special warrants will entitle the holder to purchase one common share at \$0.35 per share for a period of 12 months following conversion.



## AMPD VENTURES INC.

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#### RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers, as follows:

- During the period – Anthony Brown, Don Bustin, Markus Windelen, Howard Donaldson, James Hursthouse, John Ross, Paul Mari.
- Period to April 19, 2022 – Rob Kang.
- Period from September 12, 2022 – Tanya Woods.

During the year ended May 31, 2022, and year ended May 31, 2021, the remuneration of the key management personnel were as follows:

May 31,	2022	2021
Chief Executive Officer	\$ 142,100	\$ 121,662
Chief Financial Officer	34,600	39,600
Chief Strategy Officer	301,883	200,026
Chief Technology Officer	154,600	117,692
Vice President of Client Services	-	70,070
Vice President of Operations	154,600	117,231
Director Fees	36,000	12,000
Total	\$ 823,783	\$ 678,281

#### Other related party transactions and balances

The Company recognized an aggregate of \$323,631 (May 31, 2021 - \$287,194) in share-based compensation on the vested portion of stock options and performance-based warrants granted to directors and officers of the Company.

During the year ended May 31, 2022, the Company repaid the convertible debt of \$250,000 and interest earned of \$122,218 (May 31, 2021 – debt of \$250,000 and interest of \$97,174) to the CEO of the Company.

During the year ended May 31, 2022, the Company paid or accrued \$36,000 in director's fees (May 31, 2021 - \$12,000) to a director of the Company. As at May 31, 2022, \$32,000 (May 31, 2021 - \$2,000) was included in trade payables and accrued liabilities in director fees owed to a director of the Company.

As at May 31, 2022, \$46,080 (May 31, 2021 - \$Nil) was included in trade payables and accrued liabilities for accrued vacation salary to four executives of the Company.

As at May 31, 2022, \$1,921 (May 31, 2021 - \$Nil) was owed to the CFO of the Company for services rendered. The amount is included in trade payables and accrued liabilities.

The CSO of the Company was one of the Vendors in the Departure Lounge Acquisition. In conducting their review and approval process with respect to the Acquisition, disinterested directors of the Company approved the Acquisition, which is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as, among other things, the fair market value of the Purchase Shares does not exceed 25% of the Company's market capitalization.

During the year ended May 31, 2022, the Company entered into a leasing arrangement with Rabid Publishing Inc., a company partially owned by three directors and officers of the Company to lease metastage equipment totaling USD\$150,000 (or CAD\$190,882) for a period of 36 months at 12% per annum.

As at May 31, 2022, \$190,882 (May 31, 2021 - \$Nil) remains outstanding on the lease.

## **AMPD VENTURES INC.**

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For the years ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

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## **CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES**

### ***Critical Accounting Estimates***

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Management's assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the business;
- Management applied judgment in determining the functional currency of the Company as Canadian Dollars and the functional currency of its subsidiaries, based on the facts and circumstances that existed during the period;
- Management's determination of revenue recognition during the period;
- The measurement of income taxes payable and deferred income tax assets and liabilities requires Management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements; and
- The fair value and measurement of share-based compensation during the period.

### ***Recent accounting pronouncements***

The adoption of the following standards and interpretations, which have been issued but are not yet effective, are not expected to have a material effect on the Company's future results and financial position:

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

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

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

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

## **FINANCIAL INSTRUMENT RISKS**

The Company's financial instruments consist of cash, receivables, trade payables, convertible debt, lease liabilities, finance loans and government loan. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

### ***Credit Risk***

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its

## **AMPD VENTURES INC.**

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contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

The Company's accounts receivable consists of Goods and Services Tax due from the Federal Government of Canada and amounts receivable from customers. The Company's maximum exposure to credit risk as at May 31, 2022 is \$655,799 (May 31, 2021 - \$210,159), representing trade accounts receivable.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required.

When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues. As at May 31, 2022 and May 31, 2021, the Company did not have any material overdue accounts.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities are due within the current operating period, as is the debt. The Company manages its liquidity risk through its operating budgets and financing activities.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk from its secured loans and convertible debentures. The Company's interest rates on these loans are fixed and the sensitivity of the Company's loss before tax to a reasonably possible change in market interest rates is considered minimal.

#### *Other Market Risk*

Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company is not exposed to significant currency risk as the parent entity and subsidiaries primarily transact in their functional currencies.

#### *Price risk*

The Company is not exposed to price risk.

### **BUSINESS RISK FACTORS**

The Company is exposed to a number of "Risk Factors", which are summarized below:

- The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.
- Uncertainty about the Company's ability to continue as a going concern.
- The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.
- There are factors which may prevent the Company from the realization of growth targets. The Company is currently in the expansion from early development stage.
- The Company may face significant competition.
- The Company may be subject to additional regulatory burden resulting from its public listing on the CSE.
- There is no assurance that the Company will turn a profit or generate immediate revenues.
- The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

## **AMPD VENTURES INC.**

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- The Company may fail to successfully market and develop its brand.
- Failure to Innovate.
- The Company may be unable to adequately protect its proprietary and intellectual property rights.
- Intellectual Property Infringement.
- The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights.
- The Company may become subject to litigation, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.
- Reliance on Third Party Software.
- Use of Open-source Software.
- Disruption of Information Technology Systems.
- Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change.
- If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the technology, cloud storage/computing and gaming sectors.
- There is no assurance that the Company will secure strategic partnerships jurisdictions in which the Company considers important.
- The Company may make investments in other company's which use the Company's technology. There is no guarantee that the asset value of these investments will be recovered or recoverable by the Company.
- The Company, through its wholly owned subsidiary, Departure Lounge, purchased assets denominated in digital currencies, for testing the potential use of digital currencies in future transactions, such as NFT and block chain functionality, which is important operationally for the Company. Digital currencies are volatile and there is no guarantee that the asset value of these digital currencies will be recovered or recoverable by the Company.
- Failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition.
- The Company will be reliant on information technology systems and may be subject to damaging cyberattacks.
- The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.
- In certain circumstances, the Company's reputation could be damaged.
- No guarantee on the use of available funds by the Company.
- Risks Related to the Company's Securities.
- The Company does not anticipate paying dividends to common shareholders in the foreseeable future.
- Future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.
- The Company's shares are currently thinly traded. The Company has a significant number of warrants outstanding. In the event that a significant number of shareholders wish to sell during a specific period, the share price could decrease.

#### **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 Company's future plans and management's belief as to the Company's potential involve known and unknown risks, uncertainties 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. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks 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

## **AMPD VENTURES INC.**

### **Management's Discussion and Analysis**

**For the years ended May 31, 2022 and 2021**

**(Expressed in Canadian dollars)**

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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.