



SWMBRD SPORTS INC.

Management Discussion & Analysis for the Three Months Ended May 31, 2023

The following discussion and analysis of the financial position and results of operations for Swmbrd Sports Inc. should be read in conjunction with the unaudited condensed interim financial statements for the **three months ended May 31, 2023**, and the audited financial statements for the **year ended February 28, 2023**, which are prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

The effective date of this report is July 28, 2023.

All financial figures presented herein are expressed in Canadian Dollars (CDN\$) unless otherwise specified.

Nature of Business

The Company is a British Columbia-based sporting goods company focused on developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The Company’s main asset is the 100% ownership of the SWMBRD aquatic sports board (the “Swimboard”) and multiple variants thereof, along with designs covering numerous related accessories. The Company owns a significant array of patents covering the European Union, the United States and Canada, along with the trademark “ZAMBEZI” for Canada, which was granted when the Company’s name was “Zambezi Sports Inc.”. The Company has submitted applications in the European Union, the United Kingdom, the United States, and Canada for the trademark “SWMBRD”.

The Company plans on developing Swimboard into a global aquatic sports and lifestyle brand built around the new sport of Swimboarding. By virtue of its design, the Swimboard is the most versatile, easy to use, and consumer-friendly aquatic sports board in the world.

The Company was listed on the Canadian Securities Exchange (“CSE”) on February 16, 2022 under the symbol “SWIM”.

The head office and principal address of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2. The Registered and Records office of the Company is located at 800 – 885 West Georgia Street, Vancouver, BC, V6C 3H1.

Corporate Activities

The Company entered into consulting agreements with Mr. Paul Done and Mr. Brian Fond (the "Consultants") to provide various business development and brand execution services to the Company. The Company has agreed to engage Mr. Done for a term of twelve months, subject to earlier termination by the Company upon 10 days' written notice, or by the Consultant or upon 30 days' written notice, and will grant Mr. Done 240,000 RSUs in consideration for his services. The Company has agreed to engage Mr. Fong for a term of twelve months, subject to earlier termination by the Company upon 10 days' written notice or by the Consultant upon 30 days' written notice. The Company has agreed to grant Mr. Fong 693,000 RSUs in consideration for his services. The RSUs granted to the Consultants will vest as to 50% of the first three months and the other 50% over the remaining 9 months, commencing July 1, 2023.

The Company provided one month's notice to terminate its Services Agreement with Zimtu Capital Corp. for CFO, office premises and administrative services.

The Company entered into consulting agreements with Mr. Dong Shim, Mr. Stefan Beukman, and Golden Tree Capital Corp. (the "Consultants") to provide various CFO, accounting, bookkeeping and related services to the Company. The Company has agreed to engage the Consultants for a term of twelve months, subject to earlier termination by the Company upon 60 days' written notice or by the Consultant upon 60 days' written notice and will grant Mr. Shim 126,000 RSUs; Mr. Beukman 63,000 RSUs; and Golden Tree Capital Corp. 189,000 RSUs in consideration for the first three months of their services. The RSUs granted to the Consultants will vest over the first three months of the contract, commencing July 1, 2023. For the fourth month of Services and thereafter under the Consulting Agreement, and subject to the financing of the Company, a cash fee will be paid in the amount of \$5,000 per month (the "Cash Fee") to Mr. Shim and \$1,000 to Mr. Beukman, or otherwise such additional grants of RSUs as are agreed between the Company and the Contractor; The agreements commenced on July 1, 2023.

The Company has approved the award of an aggregate of 360,000 RSUs to certain non-executive directors of the Company in accordance with the Company's Plan. The RSUs granted to the non-executive directors will vest at a rate of 10,000 RSUs per month over a period of twelve months.

The Company entered into written executive employment agreements (the "Agreements") with Justin Schroenn, in his capacity as CEO of the Company; Matthew Schroenn and Gareth Schroenn, in their capacities as Vice Presidents of the Company (together, the "Executives") effective July 1, 2023. Pursuant to the Agreements, the Executives will each receive a monthly salary of \$7,000, and will each be granted a total of 1,200,000 restricted share units each, ("RSUs"), in accordance with the Company's Omnibus Equity Incentive Plan (the "Plan"). The RSUs granted to the Executives will vest over a period of twelve months. The Agreements will continue indefinitely until terminated pursuant to the terms of the Agreements.

The Company appointed Pollock Sales Group Inc., doing business as "Riptide Sales Group" ("Riptide"), as its non-exclusive sales representative in the United States of America and the Caribbean. Riptide will be engaged for a period of twelve months, commencing September 1, 2023, to market and sell the Company's propriety swimboard related products to 1,450 retail Dive Stores in the USA and Caribbean. The Company will pay Riptide a monthly merchandising fee of \$500.00 and a sales commission of 13%, based on the sales report provided by the Company each month for the prior month's sales.

Business of the Company

The principal business carried on and intended to be carried on by the Company is the manufacturing and sale of the Swimboard.

To the date of this report, the Company has raised gross proceeds of \$2,908,554 through the sale of common shares.

The Swimboard

The Swimboard is a human-powered aquatic sports board. The Swimboard is not a just a board – It is an entirely new way for human beings to interact with, and within, every type of aquatic environment, and with each other.

In simplest terms, the physical action of Swimboarding can best be described as an organic synthesis of cycling and swimming. The board, by virtue of the leg motion used is also very similar to running, skating and snorkeling/ scuba. Of great importance, stand up paddling and surfing and bodyboarding are entirely different from these popular sports, and are not natural and organic motions. In short, the Swimboard has the vast advantage of being natural, organic, familiar, and easy to learn, coupled with the previously unknown empowerment the board delivers to the rider.

The Swimboard enables the rider, in a prone or lying-down position, to use their arms and legs in the propulsion of the present invention across the surface of a body of water using natural, intuitive motions similar to a fusion of conventional swimming strokes with the deep rotational leg movement of cycling.

While the Swimboard may also be used to ride waves, it differs from surf boards, body boards, knee boards and the like, in that it is optimized to be propelled by the rider alone, without the help of waves, paddles or sails. This is possible due to the relative narrowness of the Swimboard, particularly in the bow; a wide variety of possible rider positions, ranging from far forward to far back; the bow-to-stern curvature of the hull; the pronounced curve and terminal height of the bow relative to the surface of the water; the round, convex profile of the stern area of the board; the distinctly forward-sloping slip-resistant upper deck; the substantial height, thickness and buoyancy of the stern area; the distinctive v-shaped side-to-side profile of the deck along most of its length; and the relative depth, shape and buoyancy of the keel.

These features of the Swimboard allow the rider's arms to stroke through the water more closely alongside the body than is the case with traditional surf boards or body boards, while at the same time helping to restrain the rider from pulling themselves off the board. These features also allow for a wide variety of positions to be adopted by the rider, ranging from a position where the rider is very far forward, with their hips on the board and their chest towards the front of the board, to a position where they are far back with their hips mostly off the board. Furthermore, they allow the Swimboard to be tilted in a controllable manner forward and aft, as well as rotated easily from side to side about the stern. In other words, a wide degree of pitch, rotation and yaw is possible. Additionally, these features allow the legs to kick while still providing support for the pelvis, as well as a degree of support to the upper thighs if so desired.

A further advantage is that the Swimboard is very compact in size, making it maneuverable as well as being easier to transport and store than most other boards.

Intellectual Property

The protection of its intellectual property is a front-line priority for the Company. The Company's intellectual property is comprised of:

1. Design patents covering the board itself, future proposed accessories, and technological concepts which the Company intends to explore further.
2. Trademarks covering the "SWMBRD" name, The SWMBRD Logo design and the name "Swimbird"

While SWMBRD does not divulge jurisdictions in which intellectual property applications are still pending, the Company is pleased to keep shareholders apprised of important jurisdictions in which applications have been successful.

To date, in the area of board and accessories design, the Company already has a total of 49 design patents granted in the United States, Canada and the Europe. These patents cover multiple variations of the SWMBRD, including different bow, keel, deck and pad configurations. The SWMBRD's unique performance capabilities are the result of very specific unique design elements. A board that does not include these key elements will not perform in the same way as a SWMBRD.

The afore mentioned registered designs also cover several experimental concepts in performance skegs and fins, and surface coverings which the Company intends to explore in the future.

In addition to the afore mentioned 49 design patents, the Company has also filed applications in several additional strategic jurisdictions which are pending.

In the area of trademarks and logos, three specific elements are of importance to the Company:

1. The name "SWMBRD"
2. The bird motif logo
3. The name "Swimbird"

When applying for trademarks, it is necessary for a company to articulate specific classes of goods and services (NICE classifications) that the trademark will be actively used in. SWMBRD has specified seven NICE Classes to be optimal for the Company. While it understood that is often not possible to secure all the classes requested, the Company will always attempt to secure as many of these seven classes as possible.

The seven NICE classes sought by the Company are:

1. **Class 9:** Diving masks; weight belts for scuba diving; goggles and sunglasses for sports; cameras for use in sporting activities.
2. **Class 18:** Bags namely all-purpose sport bags, bags specially adapted for sports equipment, beach bags, tote bags, backpacks, book bags, handbags; beach umbrellas; parasols.
3. **Class 20:** Storage racks and brackets for sport boards.
4. **Class 25:** Clothing, namely, sportswear, athletic clothing, swimwear, beach cover-ups, casual clothing, dress clothing, infant and children's clothing, underwear, loungewear, sleepwear, outdoor winter clothing, swim suits, board shorts, athletic shorts, pants, shirts, jackets, coats, skirts and dresses, socks, stockings and lingerie, scarves, neck ties, bow ties, head bands,

bandanas, gloves and belts; footwear, namely, athletic footwear, water sport board boots, sandals and beach shoes, shoes, boots, slippers, outdoor winter footwear, ski and snowboard shoes and boots and parts thereof, infant and children's footwear; headwear, namely, hats, caps, toques, sun visors; sweatbands; wet suits; dry suits; wet suit and dry suit boots; gloves; vests and hoodies.

5. **Class 28:** Sporting goods, namely, self-powered water sports boards, boards used in the practice of water sports, surfboards, longboards, paddle boards, bodyboards, wake boards, kite boards, kick boards, knee boards, sail boards, skim boards, body surf hand planes, water skis, surf skis, snow skis, snow boards, snow sleds, ice sleds, skateboards, sport board fins, sport board pads, sport board covers and deck grips, floats, leashes, ropes, lines, tows, straps and handles for use with sport boards, paddles, board and ski bindings and foot plates, ski poles, swim fins, flying discs, sports balls; toys namely beach toys and water squirting toys.
6. **Class 35:** Organization, management and provision of aquatic sports events and competitions; organization, management and provision of music, fundraising and charity events; promoting public awareness of charitable and environmental issues and initiatives; online sales of sporting goods; retail and wholesale sales of sporting goods.
7. **Class 41:** Developing aquatic sports and games; developing and conducting fitness classes; film production and distribution; coaching in the field of sports.

With regards to the name SWMBRD, the associated logo, and the name "Swimbird", the Company has been granted all nine NICE classes in both the European Union and the United Kingdom.

Applications in additional strategic jurisdictions are pending.

The Company's expanding intellectual property portfolio continues to be a key strategic component of the Company's growth as not only an aquatic board manufacturer, but also as a sport, a lifestyle, and a brand.

Overall Performance

General and Administrative

Net loss for the three months ended May 31, 2023, was \$227,919, compared to a net loss during the three months ended May 31, 2022 of \$927,349, for a difference of \$699,430. The significant expenses over the period include:

- Administrative fees (2023: \$50,000, 2022: \$37,500);
- Advertising expenses (2023: \$30,093; 2022: \$25,885);
- Depreciation (2023: \$7,896, 2022: \$439);
- Filing and regulatory fees (2023: \$3,439, 2022: \$4,822);
- Legal fees (2023: \$38,148, 2022: \$38,877);
- Office expenses (2023: \$5,209, 2022: \$3,757);
- Patent amortization (2023: \$13,033, 2022: \$8,466);
- Investor relations (2022: \$nil, 2022: \$57,250);
- Product development (2023: \$nil, 2022: \$1,623);
- Salaries and consulting fees (2023: \$54,091; 2022: \$105,486);

- Share-based payments (2023: \$15,000, 2022: \$634,500); and
- Travel and meals (2023: \$14,043, 2022: \$8,744).

The significant decrease in expenses is largely due to the decrease in share-based compensation as the Company did not grant new stock options during the period.

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters:

	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	227,919	312,599	576,476	365,249
Net loss and comprehensive loss	227,919	312,599	576,476	365,249
Basic and diluted net loss (per share)	0.00	0.00	0.01	0.00

	May 31, 2022	February 28, 2022	November 30, 2021	August 31, 2021
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	927,349	249,763	294,793	301,653
Net loss and comprehensive loss	927,349	249,763	297,793	301,653
Basic and diluted net loss (per share)	0.01	0.00	0.00	0.01

During the quarters through February 28, 2022, the Company incurred expenses related to the filing of the Company's prospectus and listing on the CSE. During the quarter ended May 31, 2022, the Company issued bonus shares to a Consultant and entered into investor relations agreements. During the quarter ended November 30, 2022, the Company granted stock options. During the quarter ended May 31, 2023, the Company started generating revenue.

Liquidity and Capital Resources

As of the date of this report, the Company has raised gross proceeds of \$2,908,554 to further the Company's advancement of the Swimboard and for general working capital.

The Company will continue to require funds to further the advancement of its Swimboard. As a result, the Company may have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company's financial success will be dependent on the economic viability of its Swimboard and the extent to which it can market and sell the Swimboards. Such development may take time to complete and the amount of resulting income, if any, is difficult to determine.

The Company's revenues, if any, are expected to be in large part derived from the sale of the Swimboard. The price of the Swimboard will be affected by numerous factors beyond the Company's control such as international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

As at May 31, 2023, the Company has total assets of \$451,413 (February 28, 2023: \$497,535) including cash of \$3,456 (February 28, 2023: \$14,560). The Company has no long-term liabilities and has working capital deficit of \$281,628 (February 28, 2023: deficit of 83,618) as at May 31, 2023

Cash Provided Used In Operating Activities: Cash used in operating activities during the three months ended May 31, 2023 was \$5,084, compared with \$176,405 used in operating activities during the three months ended May 31, 2022. Cash was mostly spent on administration fees, advertising expenses, investor relations, legal fees, and salaries and consulting fees.

Cash From Financing Activities: Total cash from financing activities during the three months ended May 31, 2023 was \$nil (2022: \$3,000).

Cash Used in Investing Activities: Total cash used in investing activities during the three months ended May 31, 2023 was \$6,020 (2022: \$16,034) for patent expenses.

Transactions with Related Parties

During the three months ended May 31, 2023 and 2022, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Three months ended May 31,	
	2023	2022
Key management compensation*	\$	\$
Salaries and consulting fees	42,000	84,000
Share-based payments	-	634,500
Total	42,000	718,500

* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

As at May 31, 2023, \$7,533 (February 28, 2023 - \$3,000) is due from the three directors of the Company.

During the year ended February 28, 2022, 12,000,000 performance warrants were granted to directors of the Company, although they have not vested during the year ended February 28, 2023.

On April 20, 2022, the Company issued 4,700,000 shares with a fair value of \$0.135 per share in connection with the hiring of a Consultant.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

Commitments

On November 1, 2020, the Company entered into a Management & Administration Agreement (“Agreement”) with Zimtu Capital Corp. (“Zimtu”). Under the terms of the Agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 13 months, at a price of \$14,583 per month. On December 1, 2021, the Agreement was extended a further 12 months at a rate of \$12,500 per month. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023. On May 1, 2023, the Company extended the agreement for an additional 12 months.

On March 1, 2022, the Company entered into a twelve-month investor relations agreement with Stockhouse Publishing Inc. (“Stockhouse”). Stockhouse has agreed to provide investor relations services to the Company in exchange for an aggregate amount of \$157,500 (including GST). \$118,125 (including GST) is payable and will be applied to the first and last two months of the contract. The remainder of the fee is payable monthly.

On March 5, 2022, the Company entered into an investor relations agreement with Proactive Investors North America Inc. (“Proactive”). Proactive has agreed to provide investor relations services to the Company in exchange for an aggregate amount of \$25,000 (including GST) due upfront. The initial term of service is until March 31, 2023 and automatically renews thereafter for an additional twelve-month term.

On April 20, 2022, the Company entered into a market making services agreement and a consulting agreement with Venture Liquidity Providers Inc. (“VLP”). In consideration for the services, the Company has agreed to pay VLP a monthly fee of \$5,000 and grant stock options at a future date.

On June 13, 2022, the Company entered into an investor relations agreement with Sutton Integrated Communications Ltd. (“Sutton”). Sutton has agreed to provide investor relations services to the Company in exchange for US\$8,000, of which US\$4,000 will be paid by the Company on commencement by the grant of 57,128 performance share units (each, a “PSU”) (issued with a fair value of \$4,570) and the remaining US\$4,000 was paid in cash. See Note 9.

On October 26, 2022, the Company entered into an additional investor relations agreement with Market One Media Group (“MarketOne”). MarketOne will provide investor relations services to the Company in exchange for an aggregate amount of \$85,000 (plus GST) due upfront. The term of service is for 12 months from payment (November 29, 2022 through November 28, 2023).

On May 4, 2023, the Company signed an agreement with Zimtu, whereas Zimtu will provide services under the ZimtuADVANTAGE marketing and investor relations program. The Company will pay \$12,500 per month for the 12-month term.

On May 17, 2023, the Company engaged Mr. Liam Greenlaw as a consultant of the Company for a term of twelve months. For the first two months of the term, the Company has agreed to grant Mr. Greenlaw 400,000 RSUs and for the third month and thereafter, pay a monthly fee of \$10,000.

On May 30, 2023, the Company announced it has engaged Ketchum, Killum, & Wynn Creative Inc. (“KKW Creative”) to provide website design, development and support services to the Company. The Company granted KKW Creative 100,000 RSUs in consideration.

Disclosure of Outstanding Share Capital

The following is a breakdown of the share capital of the Company, on an annual basis and the date of this report:

	July 28, 2023	May 31, 2023	February 28, 2023
Common Shares	82,957,000	82,957,000	82,457,000
Warrants	11,811,152	30,739,152	30,739,152
Broker warrants	69,900	216,900	216,900
Stock options	5,370,000	5,370,000	5,370,000
Fully Diluted Shares	115,823,052	119,283,052	118,783,052

RISK FACTORS

Refer to the “Risk Factors” section of the annual MD&A for the year ended February 28, 2023. The risk factors remain primarily unchanged for the three months ended May 31, 2023.

Forward Looking Statements

This Management Discussion & Analysis may contain forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements.

Readers can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues” or similar words or the negative thereof.

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The information is based on reasonable assumptions which include but are not limited to those regarding actual costs for mining and processing and their impact on the cut-off grade established, actual capital costs, forecasts of mine production rates, the timing and content of upcoming work programs, geological interpretations, potential process methods and mineral recoveries, the availability of markets for the products produced, market pricing for the products produced, etc.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Additional Information

Additional information related to the Company can be found on the Company's website at www.swmbrd.com or on SEDAR at www.sedar.com.

Approval

The Board of Directors of Swmbrd Sports Inc. has approved the disclosure contained in this MD&A.