

**AADIRECTION CAPITAL CORP.**  
(the "Company")

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the three and nine months ended September 30, 2022**

The following management discussion and analysis ("MD&A") has been prepared by management of the Company as of November 15, 2022 and should be read in conjunction with the unaudited interim financial statements and related notes of the Company for the three and nine months ended September 30, 2022, and the audited annual financial statements and related notes of the Company for the year ended December 31, 2021 and the period from the incorporation on January 1, 2020 to December 31, 2020. Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures contained in this MD&A are presented in Canadian dollars.

**Forward-looking Statements**

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements, and actual results, performance or achievements may differ materially from those expressed or implied in such statements. The Company cannot assure readers that actual results, performance and achievements will be consistent with these forward-looking statements, and the differences may be material. The Company undertakes no obligation to update any forward-looking statements except as required by law.

**Business Overview**

AADirection Capital Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on December 1, 2020 and is a capital pool company as defined by TSX Venture Exchange ("TSXV") Policy 2.4 (the "Policy"). The Company's principal business is to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction ("QT") as defined in the Policy. The Company is listed on the TSX Venture Exchange under the symbol "AAD.P".

In December 2020, the Company issued 2,000,000 Common Shares at a price of \$0.05 per share for gross proceeds of \$100,000. The Company completed its Initial Public Offering ("IPO") and commenced trading as a capital pool company on August 17, 2021 with TSXV. The Company issued a total of 4,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$400,000. In connection with this IPO, the Company paid cash commissions of \$40,000 and corporate finance fee of \$15,000, and issued 400,000 broker warrants with a fair value of \$34,018. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.10 until August 16, 2026. In addition to the above costs, the Company paid legal fees and expenses of \$35,060.

On August 17, 2021, the Company granted 600,000 incentive stock options to directors and officers of the Company. These options vest immediately and are exercisable at \$0.10 per share for a period of five years, expiring August 16, 2026. The Company recognized \$51,027 in share-based compensation relating to these grants in the year ended December 31, 2021.

Until the completion of a QT, the proceeds raised from the issuance of share capital may only be used for the identification and evaluation of a QT with the exception that not exceeding \$3,000 per month may be used for reasonable general and administrative expenses of the Company as defined under the Policy.

To date, the Company has not entered into any letter of intent or agreement for a possible QT. The Company has limited funds to identify and complete a QT; and therefore, there can be no assurance that the Company will be able to complete a QT within the time period permitted.

### Summary of Quarterly Results (Unaudited)

In Canadian dollars (\$)	Quarter ended					
	Sep. 30 2022	Jun. 30 2022	Mar. 31 2022	Dec. 31 2021	Sep. 30 2021	Jun. 30 2021
Revenues	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(22)	(12,975)	(6,849)	(5,263)	(55,354)	(12,655)
Net loss per share (Basic and Diluted)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Total assets	345,811	347,979	358,634	369,311	370,745	61,703
Total shareholders' equity	344,570	344,592	357,567	364,416	369,679	42,346

### Result of Operations

The Company had a net loss of \$ 22 and \$19,846 for the three and nine months ended September 30, 2022, respectively, as compared to a net loss of \$55,354 and \$89,7351 for the same periods of the prior year. The loss was mainly due to the following expense items:

- Listing and filing fees were \$40 and \$8,166 for the three and nine months ended September 30, 2022, in relation to ongoing regulatory activities, as compared to \$804 and \$26,001 attributable to the initial listing on the TSXV for the same periods of the prior year, respectively.
- Professional fees were \$700 and \$6,942 for the three and nine months ended September 30, 2022 as compared to \$472 and \$9,442 for the same periods of the prior year, respectively, with the breakdown as follows:

In Canadian dollars (\$)	Three months ended Sep. 30		Nine months ended Sep. 30	
	2022	2021	2022	2021
Accounting fees	700	472	2,100	1,165
Audit fees	-	-	3,500	2,627
Legal fees	-	-	342	5,650
Tax fees	-	-	1,000	-
	700	472	6,942	9,442

- Transfer agent fee was \$722 and \$2,492 for the three and nine months ended September 30, 2022 as compared to \$3,029 and \$3,029 for the same period of the prior year, respectively.
- On June 1, 2022, the Company's annual meeting of shareholders was held at an expense of \$4,359.

- For the three months ended September 30, 2021, the Company recognized \$51,027 share-based compensation with respect to the grant of stock options.

### **Liquidity and Capital Management**

Cash outflow of \$24,581 was used in operating activities for the nine months ended September 30, 2022, which was primarily attributed to expenditures relating to listing and filing fees, professional fees and expenditure on annual meeting of shareholders, as compared to cash outflow of \$39,220 used in operating activities for the same period of the prior year mainly due to the result of the payment of \$26,001 listing and filing fees and \$9,442 professional fees, and \$400,000 cash inflow provided by the issuance of common shares, partially offset by the share issue costs of \$90,060.

The Company's primary objective with respect to its capital management is to maintain its ability to continue as a going concern and to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

Under the Policy, until the completion of a QT, the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for the purpose of completing a QT, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of the Company's securities or \$210,000, may be used for purposes other than evaluating businesses or assets.

### **Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares. As of November 15, 2022, there were 6,000,000 common shares issued and outstanding. As of November 15, 2022, the Company also had issued 600,000 unexercised options and 400,000 unexercised warrants to purchase 1,000,000 common shares.

### **Off-Balance Sheet Arrangements**

The Company has not had any off-balance sheet arrangements for the three and nine months ended September 30, 2022 and 2021.

### **Related Party Transactions**

The Company incurred accounting fees of \$700 and \$2,100 for the three and nine months ended September 30, 2022, respectively, (2021 - Nil) to a consulting firm controlled by a director and officer of the Company. While no legal fees incurred for this quarter, the Company incurred legal fees of \$2,568 for nine months period ended September 30, 2022, as compared to legal fees of \$8,160 and \$20,160, separately, for the same periods of the prior year to a law firm controlled by a director of the Company. As at September 30, 2022, \$700 plus GST recorded in accounts payable and accruals was due to the above mentioned consulting firm.

These related party transactions are in the normal course of business.

### **Critical Accounting Estimates**

The Company's significant accounting policies and estimates are summarized in Note 2&3 of the audited consolidated financial statements for the year ended December 31, 2021 and the period from incorporation on December 1, 2020 to December 31, 2020.

## **FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments as follows: cash and cash equivalents as fair value through profit or loss and measured at fair value; and account payables and accruals as financial liabilities and measured at amortized cost.

As at September 30, 2022, the Company's financial instruments consisted of cash, other receivables and accounts payable. The carrying value of cash, other receivables and accounts payable approximates their fair value due to the immediate or short-term maturity of these instruments.

### **Risks and Uncertainties**

The Company has not generated revenues and cash flows from operations and is currently listed as a CPC on the TSXV. Management is actively pursuing a Qualifying Transaction that will qualify the Company, at a minimum, for listing on Tier 2 of the TSXV. When and what business acquisition will be made are uncertainty as well as whether the Company will need to carry out one or more future financings. As of the date of this MD&A, the Company has not entered into any letter of intent or agreement for possible merger or acquisition.

### **Disclosure Controls**

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual and interim financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of Disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

There have been no changes in the Company's internal controls over financial reporting for the three and six months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, its controls over financial reporting.

### **ADDITIONAL INFORMATION**

Additional information is available concerning the Company and its operations on SEDAR at [www.sedar.com](http://www.sedar.com).