

NAVION CAPITAL INC.
(also referred to as “Navion” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR
ENDED NOVEMBER 30, 2021 and 2020

The following discussion and analysis should be read in conjunction with the financial statements for the year ended November 30, 2021 prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Corporation is available on SEDAR at www.sedar.com.

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

DATE

This management’s discussion and analysis (“MD&A”) is dated March 29, 2022 and is in respect of the year ended November 30, 2021 and 2020. The discussion in this management's discussion and analysis focuses on these years. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates.

DESCRIPTION OF NAVION’S BUSINESS AND OVERALL PERFORMANCE

Navion Capital Inc. (the “Corporation” or “Navion”) was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on October 18, 2017. The Corporation is a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of The TSX Venture Exchange (the “TSX-V”). On May 18, 2018, the Corporation announced the completion of its initial public offering (the “IPO”) of 2,000,000 common shares at a price of \$0.10 per common share and filed for listing as a Capital Pool Company on the TSX-V. The common shares of the Corporation commenced trading on May 23, 2018 under the trading symbol NAVN.P.

The Corporation issued seed stock of 2,000,000 common shares at a price of \$0.05 per share on October 18, 2017 to founders of the Corporation.

The Corporation proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

PROPOSED TRANSACTIONS

On April 23, 2020, the Corporation announced that it has signed a LOI with Daizee Diapers Corp. (“Daizee”), a private Canadian company incorporated in British Columbia. Daizee was formed to design and market a premium baby-care diaper product line for affluent, environmentally aware parents and their babies. The LOI was intended to constitute the “qualifying transaction” of the Corporation under Policy 2.4 – Capital Pool Companies of the TSXV. On June 3, 2021 Navion terminated the LOI with Daizee.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

In an Annual and Special Meeting of Shareholders held on June 22, 2021 (the “Meeting”), the “disinterested shareholders” approved certain contractual changes as allowed by the TSX-V’s updated Policy 2.4 - Capital Pool Companies that came into effect on January 1, 2021 (the “New CPC Policy”). Under the New CPC

Policy, an existing Capital Pool Company can implement certain changes with specific disinterested shareholder approval. At the Meeting, the Corporation received approval to carry out its regular annual meeting matters and the following special meeting matters: (i) to amend certain items in the Corporation's Stock Option Plan (ii) to remove the consequences of failing to complete a Qualifying Transaction ("QT") within 24 months of the date the Corporation's common shares became listed on the TSX-V; (iii) to enter into a new escrow agreement in the form approved for CPC's by the TSX-V; and (iv) to permit the payment of a finder's fee or commission to a Non-Arm's Length Party of the Corporation upon completion of the QT in accordance with the New CPC Policy.

A summary of the main amendments is as follows:

1. Amend certain items in the Corporation's Stock Option Plan to (i) allow the total number of common shares of the Corporation (the "Shares") reserved for issuance as options not to exceed 10% of the Shares issued and outstanding as at the date of grant, rather than at the closing date of the initial public offering ("IPO"), for options issued prior to the QT; (ii) allow the number of Shares reserved for issuance as options to any individual director or senior officer not to exceed 5% of the Shares outstanding as at the date of grant, rather than at the closing date of the IPO, for options issued prior to the QT; (iii) allow the number of Shares reserved for issuance as option to Consultants, as defined in the Option Plan, not to exceed 2% of the Shares outstanding as at the date of grant, rather than at the closing date of the IPO, for options issued prior to the QT; and (iv) require, prior to the granting of options, the optionee to first deposit the options, and the Shares acquired pursuant to the exercise of such options, into escrow as described in the Escrow Agreement.
2. Removal of the Consequences of Failing to Complete a QT within 24 Months of Listing. Under the former policy, there were certain consequences if a QT was not completed within 24 months of the date the Corporation's common shares became listed on the Exchange. These consequences included a potential for Corporation's shares to be delisted or suspended, or, subject to the approval of the majority of the Corporation's shareholders, transferring Corporation to the NEX and cancelling certain seed shares. Under the New CPC Policy, these consequences will be removed provided the Corporation has obtained disinterested shareholder approval to do so. At the Meeting, the Corporation received approval from disinterested shareholders to amend such consequences.
3. Replacement of the former Escrow Agreement. Under the New CPC Policy, the Corporation's escrowed securities are subject to a different escrow release schedule whereby 25% of the escrowed securities would be released from escrow on the Initial Release and 25% of the escrowed securities would be released from escrow on each of the 6, 12 and 18 months following such date. The New CPC Policy also provides that (i) all options granted prior to the date the Exchange issues a final bulletin for the Corporation's QT and all Common Shares that were issued upon exercise of such options prior to such date will be released from escrow on such date, other than options that (a) were granted prior to the Corporation's Initial Public Offering ("IPO") with an exercise price that is less than the issue price of the common shares issued in the IPO and (b) any common shares that were issued pursuant to the exercise of such options, which will be released from escrow in accordance with the schedule set out above. At the Meeting, the Corporation received approval from disinterested shareholders to enter into the new escrow agreement in the form as provided for under the New CPC Policy to replace and supersede the Corporation's former Escrow Agreement.
4. Permitting the payment of a finder's fee or commission to a Non-Arm's Length Party of the Corporation. Under the New CPC Policy, the Corporation may seek disinterested shareholder approval to permit payment of a finder's fee to a non-arm's length party to the Corporation.

RISKS AND UNCERTAINTIES

The Corporation does not have a history of earnings, nor has it paid any dividends. The Corporation has only limited funds and there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSX-V, at which time the exchange may suspend or de-list the Corporation's shares from trading.

SELECTED FINANCIAL INFORMATION

The Corporation was incorporated on October 18, 2017 and was not yet a "Reporting Issuer" pursuant to applicable securities legislation until February 20, 2018, the date of the final receipt for the Prospectus as issued by the Alberta and British Columbia Securities Commissions, thereby becoming a "Reporting Issuer" in each of the provinces of Alberta and British Columbia.

The following table is a summary of selected annual financial information derived from the Corporation's audited financial statements prepared in accordance with International Financial Reporting Standards:

	November 30, 2021	November 30, 2020	November 30, 2019
Total assets	\$ 51,922	\$ 83,253	\$ 130,389
Total liabilities	31,788	8,823	8,445
Net loss and comprehensive loss for the period	(54,296)	(47,514)	(41,359)
Basic and diluted net loss per share for the period	\$ (0.03)	\$ (0.02)	\$ (0.02)
Weighted average number outstanding	2,000,000	2,000,000	2,000,000

For the years ended November 30, 2021; 2020 and 2019, the Corporation reported no discontinued operations and declared no cash dividends.

RESULTS OF OPERATIONS

During the year ended November 30, 2021 the Corporation incurred a loss of \$54,296 (2020 - \$47,514) which mainly relates to regulatory, filing and transfer agent fees, professional fees related to negotiating the reverse-takeover transaction with Daizee (2020 – Daizee) and ongoing office and administration costs.

SUMMARY OF QUARTERLY RESULTS

All quarterly figures are derived from the Corporation's unaudited condensed interim financial statements.

Period ending	Quarter	Comprehensive loss (\$)	Basic and fully diluted loss per share (\$)	Total Assets (\$)
November 30, 2021	Q4	(14,897)	(0.01)	51,922
August 31, 2021	Q3	(9,658)	(0.00)	54,846
May 31, 2021	Q2	(17,188)	(0.01)	62,268
February 28, 2021	Q1	(12,553)	(0.01)	70,582
November 30, 2020	Q4	(10,511)	(0.01)	83,253
August 31, 2020	Q3	(17,337)	(0.01)	102,952
May 31, 2020	Q2	(16,737)	(0.01)	111,709
February 29, 2020	Q1	(2,929)	(0.00)	127,614

The Corporation acknowledges that there can be material fluctuations in quarterly results. In the above table, variances in quarterly results are primarily due to timing of negotiation of the QT and related professional fees and regulatory costs.

Fourth quarter 2021

During the quarter ended November 30, 2021 the Corporation incurred a loss of \$14,897 (2020 - \$10,511) which mainly relates to regulatory and filing fees and to professional fees related administration, audit and regulatory costs.

OUTSTANDING SHARE DATA

Common Shares

As at November 30, 2021 and the date of this MD&A the Corporation has 4,000,000 common shares issued and outstanding.

Stock Options

At November 30, 2021, there were 400,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Numbers of options outstanding	Exercise price	Expiry Date
400,000	\$ 0.10	May 18, 2023

LIQUIDITY AND CAPITAL RESOURCES

The Corporation completed an initial public offering as a Capital Pool Company pursuant to Policy 2.4 of the TSX Venture Exchange. The Corporation received net proceeds of \$113,552 (gross proceeds of \$200,000 less cash share issuance costs of \$86,448), representing the issuance of 2,000,000 common shares of the Corporation at an issuance price of \$0.10. At November 30, 2021 the Company had working capital of \$20,134.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTY

For the year ended November 30, 2021 the Corporation incurred professional fees of \$19,430 (2020 - \$23,313) from a company related to a director of the Corporation, Scott Reeves. At November 30, 2021 \$12,690 was due to related parties (2020 - \$1,322).

The Corporation incurred no share-based compensation expenses for directors and officers of the Corporation during the years ended November 30, 2021 and 2020.

FINANCIAL INSTRUMENTS

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. The cash is currently being held in a solicitor's trust account and a high quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Corporation is not exposed to any significant interest rate risk.

Foreign currency risk

The Corporation believes it is currently not exposed to foreign currency risk since all of its assets, liabilities and operations are denominated in Canadian dollars.

Price risk

The Corporation believes it currently has no price risk.

The carrying amount of cash, accounts payable and accrued liabilities approximates their fair value due to their short-term nature.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no new accounting standards or amendments adopted during the year ended November 30, 2021.

Accounting standards and amendments that are mandatory for accounting periods beginning on or after January 1, 2021 are disclosed in Note 2 to the audited annual financial statements for the year ended November 30, 2021 and are not expected to have a significant effect on the Company's future results and financial position.

CRITICAL ACCOUNTING ESTIMATES

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The accounting estimates for share based payments is based on the Black-Scholes option valuation model which was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Since the Corporation's stock options have characteristics significantly different from those of traded options and since changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Deferred tax liabilities and assets

Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

Share-based payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

CAPITAL RISK MANAGEMENT

The Corporation's capital currently consists of common shares. The Corporation defines capital as total equity which was \$20,134 at November 30, 2021. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

Subsequent to the IPO, proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares issued in the IPO may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information in the "Risks and Uncertainties" and "Outlook" sections that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation's control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets, volatility of commodity prices, currency fluctuations, delays resulting from the inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the effect of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.