

Hypercharge Networks Corp

(formerly Cliffwood Capital Corp.)

Management Discussion & Analysis
For the year ended August 31, 2021

The purpose of this Management Discussion and Analysis (“MD&A”) is to explain management’s point of view of Hypercharge Network Corp.’s (“Hypercharge”, the “Company”, “we” or “us”) past performance and future outlook. This MD&A should be read in conjunction with our annual financial statements for the year ended August 31, 2021 (the “Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated. All information contained in this MD&A is current as of December 29, 2021 unless otherwise stated. Additional information on the Company is available on SEDAR.

Forward Looking Information

Certain sections of this MD&A may contain forward-looking statements. Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, and similar expressions used by the Company’s management are intended to identify forward-looking statements. Such statements reflect the Company’s forecasts, estimates and expectations as they relate to the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

The forward-looking statements contained herein are based on information available as of December 29, 2021.

Our Business

The Company was incorporated under the British Columbia Business Corporations Act on September 5, 2018. On March 10, 2021, the Company changed its name to Hypercharge Networks Corp from Cliffwood Capital Corp.

In June 2021, the Company commenced operations as a turnkey electric vehicle (EV) charging solutions provider, supplying seamless, simple charging experiences through industry leading equipment, strategic partnerships and acquisitions, and a robust network of public and private charging stations.

On February 28, 2021, the Company signed a Letter of Intent to enter into a transaction comprised of a business combination with Spark Charging Solutions Inc. On November 1, 2021, the Company acquired all the issued and outstanding shares of Spark Charging Solutions Inc. (“Spark”) pursuant to a share exchange agreement. The Company’s acquisition of Spark combines two established teams with experience in EV technology, software and hardware.

On August 5, 2021 the Company entered into a collaboration agreement (Partnership) with Toronto-based parking operator, Target Park Group Inc. (“Target Park”), initially to deploy 2,500 EV charging stations across North America over the next 36 months. Starting in early 2022, the Company plans to install charging stations at Target Park’s prime Toronto locations including 370 King Street West and 7 Queen Quay East, and at two hotels Radisson on Queens Quay West and Le Centre Sheraton Montreal on René-Lévesque Blvd West in Montreal. Through the Partnership, the Company is poised to provide its turnkey charging solutions to the growing EV driver market across Canada and the US, furthering their mission to accelerate the adoption of EVs and support the shift towards a carbon neutral economy.

SELECTED ANNUAL INFORMATION

	Year ended August 31, 2021	Year ended August 31, 2020	Period from September 5, 2018 to August 31, 2019
Revenues	\$ -	\$ -	\$ -
Loss and comprehensive loss	878,041	53,421	26,548
Loss per share, basic and diluted	0.06	0.01	0.02
Total assets	3,284,170	160,420	183,573
Total non-current financial liabilities	-	-	-

Results of Operations

At August 31, 2021, the Company had no continuing source of operating revenues. The Company has not paid any cash dividends on its common shares nor does it have any present intention of paying cash dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities.

At August 31, 2021, the Company had not achieved profitable operations and had accumulated losses of \$958,010 since inception (August 31, 2020 - \$76,969).

Results of operations for the years ended August 31, 2021 and 2020

Set out below is a comparison of the results of operations for the years ended August 31, 2021 and 2020:

	Year ended August 31, 2021	Year ended August 31, 2020
Consulting fees	\$ 210,307	\$ 30,450
Employee wages and benefits	142,733	-
Professional fees	97,590	18,988
Advertising and promotional	67,487	-
Share-based payments	327,080	-
Office and administration	22,878	3,785
Filing fees	1,814	1,872
Depreciation	150	-
Bank charges and interest	1,588	348
Unrealized loss on investment	37,638	-
Realized gain on sale of investment	(53,350)	-
Impairment loss on investment	37,362	-
Foreign exchange gain	(15,236)	-
Interest income	-	(2,022)
Net and comprehensive loss	\$ 878,041	\$ 53,421

The increase in net loss of \$824,620 was primarily driven new expenditures incurred as a result of the commencement of its operations which include employee wages of \$142,733 as a result of the

Company hiring its first employees during the year, advertising and promotional costs of \$67,487 incurred by the Company in the early-stages of its operations and share-based payments of \$327,080; a non-cash expense relating to the issuance of stock options to certain employees of the Company and performance warrants issued to an entity in which the Company has entered into a collaboration agreement. Additionally, the Company incurred a realized gain of \$53,350 associated with the Company's exit in its investment in Thoughtful Brands along with an unrealized loss of \$37,638 associated with declines in market price and an impairment loss of \$37,362 incurred to write-down the investment to net realizable value of nil and a foreign exchange gain of \$15,236. Significant year-over-year increases include consulting fees of \$179,857, professional fees of \$78,602 and office and administration of \$19,093 due to an increase in corporate activity.

Results of operations for the quarters ended August 31, 2021 and 2020

Set out below is a comparison of the results of operations for the three months ended August 31, 2021 and 2020:

	Three months ended August 31, 2021	Three months ended August 31, 2020
Consulting fees	\$ 57,582	\$ 4,725
Employee wages and benefits	142,733	-
Professional fees	88,070	12,928
Advertising and promotional	16,487	-
Share-based payments	327,080	-
Office and administration	6,177	3,785
Depreciation	150	-
Bank charges and interest	346	85
Unrealized loss on investment	124,001	-
Realized loss on sale of investment	(10,010)	-
Impairment loss on investment	37,362	-
Foreign exchange gain	(15,236)	-
Interest income	-	(1,215)
Net and comprehensive loss	\$ 774,742	\$ 20,308

The increase in net loss of \$752,434 was primarily driven new expenditures incurred as a result of the commencement of its operations which include employee wages of \$142,733, as a result of the Company hiring its first employees during the period, advertising and promotional costs of \$16,487 incurred by the Company in the early-stages of its operations and non-cash expenses of share-based payments of \$327,080 relating to the issuance of stock options to certain employees of the Company and performance warrants issued to an entity with which the Company has entered into a collaboration agreement. The company incurred an unrealized loss of \$124,001, a realized gain on the sale of the investment of \$10,010 and an impairment loss of \$37,362 associated with the Company's exit from its investment in Thoughtful Brands, of which the impairment loss reflects the write-down of the Company's remaining investment to nil, and a foreign exchange gain of \$15,236. Significant year-over-year increases include consulting fees of \$52,857 and professional fees of \$75,142 as a result of an increase in corporate activity.

Summary of Quarterly Results

Aug 31, 2021	May 31, 2021	Feb 28, 2021	Nov 30, 2020	Aug 31, 2020	May 31, 2020	Feb 29, 2020	Nov 30, 2019
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Revenue	\$	nil	\$	nil	\$	nil	\$	nil	\$	nil	\$	nil	\$	nil		
Total comprehensive income (loss)	\$	(774,742)	\$	(210,868)	\$	(50,350)	\$	157,919	\$	(20,308)	\$	(14,614)	\$	(12,685)	\$	(5,814)
Earnings (Loss) per share, basic and diluted	\$	(0.03)	\$	(0.02)	\$	(0.01)	\$	0.02	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	(0.00)
Total assets	\$	3,268,934	\$	2,774,290	\$	256,434	\$	315,020	\$	160,420	\$	162,440	\$	167,189	\$	179,289
Total liabilities	\$	1,037,275	\$	50,000	\$	6,883	\$	15,119	\$	18,438	\$	150	\$	150	\$	9,150

Liquidity and Capital Resources

The Company's working capital was \$2,207,492 at August 31, 2021 compared to \$141,982 at August 31, 2020. The Company had cash on hand of \$3,023,188 at August 31, 2021 compared to \$160,420 at August 31, 2020. On April 22, 2021, the Company closed a non-brokered private placement by issuing 7,300,000 common shares at a price of \$0.02 per share for gross proceeds of \$146,000. On May 21, 2021, the Company closed a non-brokered private placement by issuing 10,186,000 common shares at a price of \$0.25 per share for gross proceeds of \$2,546,500. During the year ended August 31, 2021, the Company received \$816,650 in subscriptions from investors for a future financing transaction. Subsequent to August 31, 2021, shares were issued in respect of these funds received and the liability was discharged accordingly. On April 22, 2020, the Company completed a non-brokered private placement of 194,500 common shares at \$0.10 per share for gross proceeds of \$19,450.

In October 2020, the Company invested \$150,000 in American CBD Extraction Corp. ("American CBD") through a non-brokered subscription receipt financing.

Subsequently, on October 21, 2020, American CBD entered into an Amalgamation Agreement (the "Agreement") with Thoughtful Brands Inc. ("Thoughtful Brands") and pursuant to the Agreement, the Company received 4,820,917 shares of Thoughtful Brands in exchange for its shares of American CBD.

On April 16, 2021, Thoughtful Brands' issued and outstanding common shares were consolidated on the basis of one (1) new common share for every ten (10) common shares issued and outstanding. All Thoughtful Brands share and per share amounts disclosed herein are pre-consolidation. From the period of October 21, 2020 through April 16, 2021, the Company sold 2,025,230 shares and had a remaining balance of 2,795,687 prior to the consolidation and 279,568 shares following the consolidation.

During the period of April 17, 2021 to August 31, 2021, the Company sold an additional 38,522 shares and as at August 31, 2021 held 241,046 shares.

At August 31, 2021, the Company assessed the fair value of the investment in Thoughtful Brands as nil, and recorded an impairment charge of \$37,362 during the year ended August 31, 2021. Additionally, during the year ended August 31, 2021, the Company received net proceeds from the sales of shares of \$128,350 and recognized realized gains on the disposition of the investments of \$53,350 and unrealized losses on the change in fair value of the investments of \$37,638.

The net increase in cash during the year ended August 31, 2021 was driven by the Company's completed private placements, funds received for the financing completed subsequent to year-end and proceeds from the sales of shares in its investment in TBI, net of cash used for a note receivable issued to Spark Charging Solutions, purchase of the TBI investment and corporate and administrative expenses.

The Company has no operating revenue and therefore must continue to rely on external financing to

generate capital to maintain its capacity to meet working capital requirements. The Company has relied on the issuance of shares to finance its operating activities since inception, which the Company intends to continue to rely upon to finance its planned operations. However, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. Management believes the Company will be able to raise additional funds to meet anticipated administrative expenses and pursue future business opportunities.

The Company is not subject to any externally imposed capital requirements.

Commitments

As at August 31, 2021, the Company had committed to a lease that had not yet commenced. The Commitments in accordance with the lease are as follows:

Year ended August 31	
2022	\$ 143,666
2023	147,420
2024	135,135
	\$ 426,221

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

In addition to cash compensation, the Company also permits participation in the Stock Option Plan.

During the year ended August 31, 2021, the Company paid its CEO \$94,005 (2020 – nil) in cash salary and benefits and recorded stock-based compensation expense of \$281,353 (2020 – nil).

During the year ended August 31, 2021, the Company paid \$48,300 (2020 – nil) to an entity controlled by two directors of the Company for CEO services provided. Amounts were fully paid during the year ended August 31, 2021 and there were no amounts payable at August 31, 2021 and 2020.

During the year ended August 31, 2021, the Company paid \$37,725 (2020 - \$19,950) to a Company controlled by a family member of the Company's former CFO and former director for consulting services. As at August 31, 2021, the Company has a balance payable to this entity of \$1,066 (2020 - \$1,575) included in accounts payable. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment. During the year ended August 31, 2021, the Company paid \$13,125 (2020 - \$Nil) to the Company's former CFO for consulting services.

During the year ended August 31, 2021, the Company paid \$11,025 to a corporation controlled by a former officer of the Company for contract CFO services. As at August 31, 2021, the Company has a balance payable to this entity of \$3,675 (2020 – nil) included in accounts payable. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

During the year ended August 31, 2021, the Company paid \$24,000 (2020 - \$Nil) to a director of the Company for consulting services.

Included in accounts payable at August 31, 2021 was \$12,246 payable to a director of the Company for reimbursement of expenses incurred on behalf of the Company. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

During the year ended August 31, 2020, the Company advanced \$98,565 to a company with a common officer, due April 30, 2021, bearing interest at 10% per annum. The note receivable, including accrued interest of \$2,022, was fully repaid in July 2020 (Note 4).

As at August 31, 2021, key management personnel control 35% of the shares issued and outstanding (2020 – 93%).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Company's financial statements requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Based on historic experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Areas requiring a significant degree of estimation and judgment in the financial statements for the year ended August 31, 2021 include the recognition of deferred tax assets and inputs used by Management in the Black-Scholes model to estimate the fair value of share-based payments.

Accounting Pronouncements Not Yet Adopted

The Company has not identified any amendments which are effective for reporting periods beginning on or after September 1, 2021 that would have a material impact on the Company's consolidated financial statements.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, note receivable and accounts payable. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has sufficient cash to meet its current liabilities at August 31, 2021. The Company assessed liquidity risk as low.

Foreign exchange risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a

result of movements in foreign exchange rates. The Company is not exposed to foreign exchange risk.

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 not exposed to interest rate risk.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties that may significantly impact its financial condition and future financial performance. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A, before making an investment decision.

No Continuing Source of Operating Revenue

The Company has no continuing source of operating revenues or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Availability of Financing

The Company will be competing with other companies in the capital market for available financing. There is no assurance that the Company will be able to obtain sufficient financing, if at all.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities.

Outstanding Share Data

Our share capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, we had 46,416,370 common shares issued and outstanding, 4,206,000 warrants (326,000 exercisable) and 1,675,000 (62,500 exercisable)

Other MD&A Requirements

Additional information relating to our Company may be found on SEDAR at www.sedar.com.