

**Hypercharge Networks Corp.**  
(formerly Cliffwood Capital Corp.)

Management Discussion & Analysis  
For the nine months ended May 31, 2021

*The purpose of this Management Discussion and Analysis (“MD&A”) is to explain management’s point of view of Hypercharge Networks Corp.’s (“Hypercharge”, the “Company”, “we” or “us”) past performance and future outlook. This MD&A should be read in conjunction with our unaudited condensed interim financial statements for the nine months ended May 31, 2021 (the “Financial Statements”). The preparation of financial data is in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB, including IAS 34, Interim Financial Reporting, and follows the same accounting policies and methods of application as the Company’s most recent annual financial statements.*

*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 July 30, 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 July 30, 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.

### **Results of Operations**

At May 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.

*Results of operations for the three months ended May 31, 2021*

For the three months ended May 31, 2021, the Company reported net and comprehensive loss of \$210,868 compared to a loss of \$4,114 for the three months ended May 31, 2020, as summarized below:

|                                   | <b>Three months<br/>ended<br/>May 31, 2021</b> | Three months<br>ended<br>May 31, 2020 |
|-----------------------------------|--|---------------------------------------|
| Consulting fees                   | <b>\$ 138,570</b>                              | \$ 4,725                              |
| Marketing                         | <b>51,000</b>                                  | -                                     |
| Professional fees                 | <b>7,496</b>                                   | -                                     |
| Filing and transfer agent fees    | -  | 93                                    |
| Bank charges and interest         | <b>80</b>                                      | 103                                   |
| General and administrative costs  | <b>13,722</b>                                  | -                                     |
| Interest Income                   | -  | (807)                                 |
| <b>Net and comprehensive loss</b> | <b>\$ (210,868)</b>                            | <b>\$ (4,114)</b>                     |

The increase in net and comprehensive loss of \$206,754 was primarily driven by an increase of consulting fees and marketing of \$184,845. 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.

In December 2020, the Company sold 1,205,230 shares of its investment in Thoughtful Brands with an original cost of \$37,500 for gross proceeds of \$80,840, realizing a gain on the sale of \$43,340 in the statement of income and comprehensive income.

The fair value of the Company's investment in Thoughtful Brands as at May 31, 2021 was \$198,863, or \$0.055 per share, resulting in a fair value loss of \$76,997. 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.

Professional fees, filing and transfer agent fees, general and administrative costs and bank charges and interest remained consistent with the comparative period, with minor fluctuations in the normal course of operations.

### Results of operations for the nine months ended May 31, 2021

For the nine months ended May 31, 2021, the Company reported net and comprehensive income of \$103,299 compared to a loss of \$22,613 for the nine months ended May 31, 2020, as summarized below:

|  | Nine months<br>ended<br>May 31, 2021 | Nine months<br>ended<br>May 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Consulting fees                            | \$ 152,725                           | \$ 15,725                            |
| Marketing                                  | 51,000                               | -                                    |
| Professional fees                          | 9,520                                | 6,060                                |
| Filing and transfer agent fees             | 1,814                                | 1,872                                |
| Bank charges and interest                  | 1,242                                | 263                                  |
| General and administrative costs           | 16,701                               | -                                    |
| Fair value gain on investment              | (86,363)                             | -                                    |
| Realized gain on sale of investment        | (43,340)                             | -                                    |
| Interest Income                            | -                                    | (807)                                |
| <b>Net and comprehensive income (loss)</b> | <b>\$ (103,299)</b>                  | <b>\$ (22,613)</b>                   |

The increase in net loss of \$80,686 was primarily driven by an increase of consulting fees and marketing of \$188,000 offset by a fair value gain on investment of \$86,363 (2020 - \$nil) and realized gain on sale of investment of \$43,340 (2020 - \$nil) during the nine months ended May 31, 2021.

Professional fees, filing and transfer agent fees, general and administrative costs and bank charges and interest remained consistent with the comparative period, with minor fluctuations in the normal course of operations.

The Company does not have any employees; all of our services are carried out by our directors and officers or by consultants retained on an as needed basis.

### Summary of Quarterly Results

|  | May 31,<br>2021 | Feb 28,<br>2021 | Nov 30,<br>2020 | Aug 31,<br>2020 | May 31,<br>2020 | Feb 29,<br>2020 | Nov 30,<br>2019 | Aug 31,<br>2019 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue                                      | \$ nil          |
| Total comprehensive income (loss)            | \$ (210,868)    | \$ (50,350)     | \$ 157,919      | \$ (20,308)     | \$ (14,614)     | \$ (12,685)     | \$ (5,814)      | \$ (18,154)     |
| Earnings (loss) per share, basic and diluted | \$ (0.02)       | \$ (0.01)       | \$ 0.02         | \$ (0.00)       | \$ (0.00)       | \$ (0.00)       | \$ (0.00)       | \$ (0.00)       |
| Total assets                                 | \$ 2,774,290    | \$ 256,434      | \$ 315,020      | \$ 160,420      | \$ 162,440      | \$ 167,189      | \$ 179,289      | \$ 183,573      |
| Total liabilities                            | \$ 50,000       | \$ 6,883        | \$ 15,119       | \$ 18,438       | \$ 150          | \$ 150          | \$ 9,150        | \$ 7,620        |

Q3 2021: The increase in loss and loss per share in the current quarter is a result of increase in consulting fees of \$133,845 and Marketing of \$51,000. Normalizing for both items, the Company incurred a loss of \$32,023, in line with prior periods.

Q2 2021: The increase in loss and loss per share in the current quarter is a result of the fair value loss on investment of \$76,997, which was offset by a realized gain on sale of investment in Thoughtful Brands of \$43,340. Normalizing for both items, the Company incurred a loss of \$16,693, in line with prior periods.

Q1 2021: The increase in earnings and earnings per share in Q1 2021 was as a result of a fair value gain on our investment in Thoughtful Brands. Normalizing for the fair value gain, the Company incurred a loss of \$5,441, in line with prior periods.

### **Liquidity and Capital Resources**

The Company's current assets exceeded its current liabilities by \$2,724,290 at May 31, 2021, compared to \$141,982 at August 31, 2020. The Company had cash on hand of \$2,570,230 at May 31, 2021, compared to cash on hand at August 31, 2020 of \$160,420.

The net increase in cash during the nine months ended May 31, 2021 was driven by completion of two private placements financing, offset by the investment in Thoughtful Brands, as described herein, and cash used for 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.

### **Financing**

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 period ended May 31, 2021, 8,100,000 warrants were cancelled.

### **Commitments**

The Company has no commitments.

### **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 consist of members of the Board and corporate officers, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

Remuneration attributed to key management personnel includes:

- Consulting fees of \$138,570 during the three months ended May 31, 2021 (three months ended May 31, 2020 - \$4,725) and \$152,725 during the nine months ended May 31, 2021 (nine months ended May 31, 2020 - \$15,225) to a company controlled by a close family member of the CFO as well as the CEO.

As at May 31, 2021, there is a balance of \$1,575 (August 31, 2020 - \$1,575) payable to a company controlled by a close family member of the CFO, which is included in accounts payable. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

In addition, as at May 31, 2021, there is a balance of \$922 (August 31, 2020 - \$Nil) payable to the CEO for expense reimbursements.

### **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.

The financial statements for the Company for the nine months ended May 31, 2021 did not include critical accounting estimates. Areas requiring a significant degree of estimation and judgment include the recognition of deferred tax assets.

### **Financial Instruments and Risk Management**

The Company's financial instruments consist of cash, investments 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 May 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 Operating History*

The Company has not commenced commercial operations from incorporation to date. The Company has no history of earnings 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 16,000,701 common shares issued and outstanding, and no stock options or share purchase warrants.

## **Other MD&A Requirements**

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