



PROSMART ENTERPRISES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Set out below is a review of the activities, results of operations and financial condition of ProSmart Enterprises Inc. (formerly Sora Capital Corp.) (the "**Company**") for the year ended September 30, 2019. The discussion below should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2019. These consolidated financial statements are the responsibility of management and are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("**MD&A**") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at **September 14, 2020**. The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the TSX Venture Exchange under the symbol PROS. Additional information related to the Company, is available on SEDAR at www.sedar.com. The Company's websites are at www.prosmartinc.com, and www.rosterbot.com.

1. BACKGROUND AND CORE BUSINESS

ProSmart Enterprises Inc. ("**ProSmart**" or the "**Company**") is an investment company in the sports technology sector. The Company's investment strategy focuses on emerging technology companies, more specifically, companies with community facing products and services with revenue models that include premium subscriptions, payment processing, and targeted advertising & sponsorship within the sports industry.

The Company was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the Business Corporation Act. On July 12, 2017, the Company changed its name from Sora Capital Corp. to ProSmart Enterprises Inc. The Company's head office is #1500 - 1055 West Georgia Street Vancouver, BC.

The Company has completed three acquisitions of sports technology companies being; RosterBot Inc. ("**RosterBot**"), ProSmart Sports Development Inc. ("**PSD**"), and DL Hockey Consulting Limited ("**DL Hockey**").

Outlook and Future for ProSmart

During the year ended September 30, 2019, the Company ran into financial difficulties. The Company issued secured convertible debentures in an effort to re-capitalize the business, with the intention to do another round of financing shortly thereafter. The follow up financing did not materialize and the Company was forced to lay off all of its existing staff, halting all growth of the business.

On January 30, 2019, the Company received a Cease Trade Order ("**CTO**") from the BC Securities Commission. The Company is in the process of getting the CTO lifted.

Subsequent to September 30, 2019, the Company is closing a Sales Purchase Agreement ("**SPA**") for sale of the Company's three subsidiaries (DL Hockey, Rosterbot Inc. and ProSmart Sports Development Inc.) and 10% of the issued and outstanding common shares of the Company in exchange for the purchaser assuming all \$693,333 of convertible debenture debt. The closing of the transaction is subject to the Company achieving shareholder approval.

Once concluded, it is the goal of the Company to re-capitalize itself and look for future investments.

2. COMPANY HIGHLIGHTS DURING FISCAL 2019 and 2018

During Fiscal 2019, the Company recorded revenues of \$213,598, losses of \$931,393 for a loss of \$0.03 per share.

During Fiscal 2018, the Company recorded revenues of \$248,283, losses of \$13,514,733 for a loss of \$0.50 per share.

In addition, on May 31, 2018, the Company purchased 100% of the issued and outstanding common shares of DL Hockey through the execution of a share exchange agreement and issuance of 170,620 common shares of the Company at a fair value of \$0.355 per common share for an aggregate cost of \$60,570.

The Company also announced a 4:1 share consolidation of its common shares, warrants, RSU's and outstanding options. All of the schedules within these condensed interim consolidated financial statements have been adjusted to show the adjustment retrospectively.

3. FINANCIAL POSITION

Consolidated Summary of Financial Position	As at September 30, 2019	As at September 30, 2018	As at September 30, 2017
Cash and cash equivalents	\$ 14,164	\$ 132,101	1,977,491
Current assets	21,671	372,535	2,057,572
Software and platform development	2	2	1,411,437
Goodwill	-	-	6,351,298
Total assets	21,673	389,836	9,824,339
Current liabilities	2,062,174	1,604,497	393,855
Total liabilities	2,062,174	1,604,497	448,855
Shareholders' equity/(deficiency)	(2,040,501)	(1,214,661)	9,375,484
Working capital (deficiency)	\$ (2,040,503)	\$ (1,231,962)	1,663,717

3.1 Statement of Loss and Comprehensive Loss

	Year Ended September 30, 2019	Year Ended September 30, 2018	Year Ended September 30, 2017
Total revenue	\$ 213,598	\$ 248,283	\$ -
Cost of goods sold	(20,123)	(12,785)	-
	193,475	235,498	-
EXPENSES			
Amortization of software and platform development costs	-	521,420	211,022
Amortization of equipment	4,595	7,509	1,432
Filing and other fees	-	55,295	100,810
General and administrative	601,711	1,671,525	224,448
Investor relations	79,431	594,114	272,080
Management and consulting fees	129,106	744,594	176,202
Professional fees	80,223	274,851	293,297
Software and platform development	39,886	2,037,205	686,121
Loss before other items	(741,477)	(5,671,015)	(1,965,412)
OTHER ITEMS			
Financing income, net	(180,810)	3,425	(10,024)
Foreign exchange loss	2,179	(12,265)	(356)
Impairment of goodwill	-	(6,514,504)	(20,000)
Impairment of software and platform development	-	(890,015)	-
Gain on write-off of debts	39,262	21,545	34,826
Loss on disposal of equipment	(13,279)	-	-
Share-based payments	(37,268)	(511,409)	(342,774)
Loss before taxes	(931,393)	(13,574,238)	(2,303,740)
Deferred income tax recovery	-	55,000	20,000
Net loss	(931,393)	(13,519,238)	(2,283,740)
Other comprehensive income			
Foreign currency translation adjustment	26,025	4,505	-
Loss and comprehensive loss for the year	\$ (905,368)	\$ (13,519,238)	\$ (2,283,740)
Loss and comprehensive loss for the year attributed to:			
Owners of the Company	\$ (905,368)	\$ (13,519,238)	\$ (2,180,252)
Non-controlling interest	-	-	(103,488)
	\$ (905,369)	\$ (13,519,238)	\$ (2,283,739)
Loss per share			
- basic and diluted	\$ (0.03)	\$ (0.50)	\$ (0.05)
Weighted average number of shares outstanding			
- basic and diluted	32,113,571	26,845,691	48,222,867

3.2 Results of Operations for the year ended September 30, 2018

Loss for the year ending September 30, 2018 was \$13,519,238 (2017 – loss of \$2,283,740) for a loss per share of \$0.50 (2017- \$0.05). The significant expenses contributing to this year's net loss are as follows:

- Amortization of software and platform development costs was \$521,420 (2017 – \$211,022). The increase is due to the additional capitalized costs booked during the year.
- General and administrative expenses of \$1,671,525 (2017 – 224,448). The increase is due to the scale up of operations in 2018 specifically attributed to the following increases:

	2018	2017	Change
Advertising and marketing	\$ 61,594	\$ 32,709	\$ 28,885
Insurance	23,567	8,429	15,138
Licenses	35,525	111	35,414
Office expenses and operations	86,626	48,295	38,331
Rent and utilities	149,025	49,144	99,881
Salaries and wages	1,035,771	-	1,035,771
Travel	279,416	85,759	193,658
Total	\$ 1,671,525	\$ 224,448	\$ 1,447,077

The increase over 2017 is specifically due to a full year of operations and full-time staff in the Kelowna offices which were dedicated to the promotion and development of the platform.

- Software development costs were \$2,037,205 (2017 - \$686,121). The increase is due to the further development and integration of the RosterBot app and PSD web platforms. The increase is predominantly due to the Company hiring a team full-time staff of developers working on the development and integration of the platforms for a full year along with the costs of leasing cloud-based servers to host the platform.
- Investor relations costs were \$594,114 (2017 – \$272,080). The increase is due to the additional efforts and support of the public market.
- Management and consulting fees were \$744,594 (2017 - \$176,202). The increase is due to the scaling up of operations during the year.
- Expenses associated with share-based payments was \$511,409 (2017 - \$342,774). The increase is due to the calculated value of the options and RSU allotted to directors, employees and consultants during the year.

In addition, in Fiscal 2018, the Company booked revenues of \$248,283, an impairment of goodwill for \$6,514,504 and an impairment of software and platform development costs for \$890,015. There were no such amounts in 2017.

The Company reviewed the recoverability and carrying value of the assets of the Company at the end of fiscal 2018 and determined that there was a low likelihood of the future cash inflows from the assets to equal the values on the balance sheet. In addition, the Company's subsequent financial hardship make the recoverability even less likely. As such the Company determined that a write down of the values of goodwill and software and platform development costs was necessary.

3.3 Results of Operations for the year ended September 30, 2019

The loss for the year ended September 30, 2019 was \$931,393 (2018 – loss of \$13,574,238). The significant items contributing to this year's net loss are as follows:

- Revenue remained relatively stable at \$213,598 for Fiscal 2019, compared to \$248,283 in Fiscal 2018. During the year ended September 30, 2019, the coaching revenues in China had halted and no new contracts were entered into.
- Amortization of software and platform development costs was \$nil (2018 – \$521,420) due to the impairment booked in fiscal 2018 where the carrying value was reduced to a nominal amount.
- General and administrative expenses of \$601,711 (2018 – \$1,671,525). The decrease is due to the wind down of operation in 2019, the closing of the office and lay off of staff. A breakdown of costs is as follows:

	Year Ended	
	September 30, 2019	September 30, 2018
Advertising/Marketing	\$ -	\$ 61,594
Insurance	18,398	23,567
Licenses	128	35,525
Office expenses and operations	198,835	86,627
Rent and utilities	42,440	149,025
Salaries and wages	316,169	1,035,771
Travel	25,741	279,416
Total	\$ 601,711	\$ 1,671,525

- Software development costs were \$39,886 (2018 - \$2,037,205). The decrease is due to the wind down of operation in 2019, the closing of the office and lay off of staff.
- Investor relations costs were \$79,431(2018 – \$594,114). The decrease is due cost cutting measures as the capital was depleted and the Company's public listing was halted.
- Management and consulting fees were \$129,106 (2018 - \$744,594). The decrease is due to the wind down of operation in 2019.
- Expenses associated with share-based payments was \$37,268 (2018 - \$511,409). The decrease is due to the cancelation of most of the options with the laying off of staff and ending of contractor commitments.

Overall, the results of operations for the year ended September 30, 2019 are difficult to compare to the year ended September 30, 2018 due to the fact that there were minimal operations in 2019 and the Company had closed operations in the Spring of 2019.

3.4 Results of Operations for the three months ended September 30, 2019

The loss for the three months ended September 30, 2019 was \$2,802 (2018 –\$12,237,962). The significant items contributing to this year's net loss are as follows:

- Revenue was \$3,018, compared to \$173,919 in 2018. The decrease is due to the coaching revenues in China had halted in fiscal 2019 and no new contracts were entered into.
- Amortization of software and platform development costs was \$nil (2018 – \$479,514) due to the impairment booked in fiscal 2018 where the carrying value was reduced to a nominal amount.
- General and administrative expenses was \$10,512 (2018 – \$1,234,223). The decrease is due to the wind down of operation in 2019, the closing of the office and lay off of staff when the Company depleted its funding.
- Software development costs were \$23,442 (2018 - \$1,802,708). The decrease is due to the wind down of operations in 2019, the closing of the office and lay off of staff in prior quarters.
- Investor relations costs were \$nil (2018 – \$307,318). The decrease is due cost cutting measures as the capital was depleted and the Company's public listing was halted.
- Management and consulting fees were \$nil (2018 - \$513,136). The decrease is due to the wind down of operations in 2019.
- Expenses associated with share-based payments was \$1,161 (2018 - \$294,392). The decrease is due to the cancelation of most of the options with the laying off of staff and ending of contractor commitments.

Overall, the results of operations for the three months ended September 30, 2019 are difficult to compare to the three months ended September 30, 2018 due to the fact that there were minimal operations in 2019 and the Company had closed operations in the Spring of 2019.

3.5 Cash flows for the year ended September 30, 2019

Cash outflows used in operating activities went from a usage of \$4.3M in 2018 to a usage of \$0.5M in 2019 as a result of ceasing operations in Spring of 2019.

Cash inflows from financing activities went from \$2.4M in 2018 to \$0.3M in 2019 as a result of the Company's inability to raise additional financing during 2019.

Cash outflows for investing activities went from \$19,558 in 2018 to \$575 in 2019 as a result of the ceasing operations in Spring of 2019.

3.6 Summary of Quarterly results

000's of dollars, except per share figures	Quarter ended							
	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Total revenue	\$ 3	\$ 36	\$ 128	\$ 47	\$ 174	\$ 74	\$ -	\$ -
Loss and comprehensive loss	(3)	(45)	(430)	(453)	(9,713)	(1,492)	(1,271)	(1,043)
Loss per share - basic and diluted	\$ -	\$ -	\$ (0.01)	\$ (0.02)	\$ (0.36)	\$ (0.06)	\$ (0.05)	\$ (0.04)

3.7 Financial Position

As at September 30, 2019, the Company had exhausted all of its financial resources and was seeking additional financing. The convertible debt holders had called their loans and was seeking a settlement. Subsequent to the yearend, the Company was closing an agreement with the convertible debt holders in exchange for the shares of its subsidiaries and 10% of the Company's issued and outstanding shares. As at the date of the MD&A, the settlement agreement had not been approved by the shareholders and no new capital has been received by the Company.

4. LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2019, the Company had a working capital deficiency of \$2,040,503 and cash on hand of \$14,164 as compared to a working capital deficiency of \$1,231,962, and cash on hand of \$132,101 at September 30, 2018. The detrition of working capital is due to the Company exhausting its capital and being unable to access additional funds, forcing it to cease operations.

The Company's continued operations is contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to restructure the Company and seek additional investments in the future.

5. RELATED PARTY TRANSACTIONS

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

- a) Paid or accrued salaries for the;
 - Alan Schuler, CEO of the Company, in the amount of \$109,426 (2018 - \$160,00),
 - David McAnerney, COO of the Company, in the amount of \$64,991 (2018 - \$20,000) and;
 - Ty Summach, former COO of the Company, in the amount of \$nil (2018 - \$133,750).

- b) Paid or accrued professional fees of:
 - \$67,200 (2018 – \$108,000) to a company of which the Darren Battersby, CFO of the Company, is an owner, and;
 - \$5,541 (2018 – \$47,267) to a law firm of which James Mutter, a former director, is a partner;

- c) Paid or accrued share-based payments of \$26,492 (2018 - \$113,424) to Pascale Audette, a director of the Company and the CFO of the Company.

As at September 30, 2019, \$236,286 (2018 - \$152,319) is due to related parties and former related parties and included in accounts payable and accrued liabilities in the following amounts:

- CEO - \$91,884 (2018 – \$57,873)
- CFO - \$78,300 (2018 - \$36,300)

- COO - \$50,515 (2018 -\$43,555)
- James Mutter, former director \$15,587 (2018 - \$15,591)

In addition, as at September 30, 2018, 177,777 common shares of the Company valued at \$43,555 was obligated to the COO

6. CAPITAL EXPENDITURES

At present the Company is not anticipating any capital expenditures due to the lack of funding.

7 STOCK ISSUANCES

During the year ended September 30, 2019, the Company;

- Agreed to refund a subscriber of the June 25, 2018 private placement \$50,000 of proceeds with the return of 142,857 common shares to treasury and the cancellation of 142,857 warrants at a fair value of \$14,286;
- Issued 177,777 shares at a fair value of \$43,555 which were obligated in fiscal 2018, and;
- Issued 350,373 common shares on conversion of \$124,733 of debt, resulting in a gain on settlement of debt of \$39,262.

During the year ended September 30, 2018, the Company:

- Announced a 4:1 share consolidation of its common shares, warrants, RSU's and outstanding options. All of the schedules within these condensed interim consolidated financial statements have been adjusted to show the adjustment retrospectively;
- Completed a non-brokered private placement for the sale 6,966,755 units at \$0.35 per unit for total proceeds of \$2,438,365. Each unit consists of one common share and one transferable common share purchase warrant, with each warrant exercisable into one additional share at a price of \$0.45 for a period of two years. The warrants were valued using the residual fair value method at \$657,213. The Company recorded \$51,624 of share issuance costs. The Company also issued 100,000 shares for finders fees at a fair value of \$35,000 recognized as share issuance costs, incurred \$198,090 in other issuance costs and issued 256,050 broker warrants exercisable at \$0.45 per share for a two year period. The Company recorded \$51,624 of share issuance costs;
- Issued 84,885 common shares to settle \$54,159 of debt, resulting in a gain on settlement of debt of \$23,600;
- Agreed with a debt holder to issue share to extinguish \$43,555 of debt for the issuance of 177,777 common shares which were issued in fiscal 2019;
- Purchased 100% of the issued and outstanding common shares of DL Hockey through the execution of a share exchange agreement and issuance of 170,620 common shares of the Company at a fair value of \$0.355 per common share for an aggregate cost of \$60,570;
- Issued 79,625 shares upon the exercise of stock options for proceeds of \$38,220, and;
- Issued 437,500 upon the exercise of RSU's with a value of \$309,050.

8. COMMITMENTS AND CONTINGENCIES

As at September 30, 2019, the Company had been released from its prior lease commitment for office space and currently doesn't have any commitments.

The Company has entered into spokesperson agreements where it was agreed to pay the spokesperson a royalty on income and commissions on increasing user base. As at September 30, 2019, no royalties were paid or accrued for.

9. OUTSTANDING SHARE DATA

At the date of this report the Company has 32,108,092 issued and outstanding common shares and 75,000 outstanding stock options.

In addition, there are 23,454,133 common shares held under a voluntary pooling agreement that are restricted from trading.

10. OFF BALANCE SHEET ARRANGEMENTS

At September 30, 2019, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

11. PROPOSED TRANSACTIONS

The Company has a proposed transaction whereby ProSmart's convertible debt holders will receive the shares of ProSmart's three subsidiaries and the Company's assets along with 10% of the Company's issued and outstanding common shares to extinguish the debt.

A meeting of the shareholders will be required to approve the transaction. Once concluded, it is the goal of the Company to re-capitalize itself and look for future investments.

12. CRITICAL ACCOUNTING ESTIMATES

The preparation of the September 30, 2019 consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

- i. Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.
- ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Critical accounting judgments

- i. The acquisition of PSD, DL Hockey and RosterBot required judgments and estimates to be made at the date of acquisition in relation to determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. Management is required to make certain judgments regarding future events, future operating costs and capital expenditures.
- ii. The determination that the Company will continue as a going concern for the next year.
- iii. The application of the Company's accounting policy for software and platform development expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely,

the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

- iv. When testing intangible assets for impairment, the Company considers software in development and web platform to be one cash-generating unit in its estimate of fair value and future cash flows of the assets.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities, short-term loans payable and convertible debt approximated their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

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

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables mainly consist of Goods and Service Tax receivable from the government of Canada.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash and cash equivalents balance of \$14,164 to settle current liabilities of \$2,062,174. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating alternative financing opportunities.

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. We do not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2019, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. The Company has no investments outside of Canada and therefore considers this low risk.

14. RISK FACTORS

Prior to making investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Ceasing of Operations and Trading Halt

At present, the Company has closed its offices, laid off its staff and has wound down all operations due to the lack of available resources. The Company has also received a CTO from the BC Securities Commission where by trading of it shares on the TSXV exchange has been halted due to a violation of the Commission's reporting requirements.

The Company is currently trying to get compliant and have the CTO lifted. It is also looking to refinance the Company and restart operations as an investment company. There is no guarantee that the Company will be successful in its endeavours.

Potential Transaction

The Company has negotiated with its convertible debt holders to extinguish the debt through a sale of its shares of its subsidiaries and \$60,000 of shares. To complete this transaction, the Company will need its shareholders to approve the transaction before it can be concluded. As of the date of the MD&A, there has not been a meeting of the shareholders set, nor is the approval of the transaction assured.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the economy and in the global markets and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's future operations and ability to access future capital. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at this time.

Financial Condition, Liquidity, and Requirements

The Company's cash balance and working capital position are not adequate to sustain the Company's existing operations. If the Company is unable to continue to raise capital from issuances of shares, loans or by other means, it may not be able to restart operations.

Potential Acquisitions and Investments

Once the Company resumes operations, it expects to continue acquiring or investing in businesses, products and technologies that expand or complement the Company's current business, products and services. Such acquisitions or investments may involve significant commitments of financial or other resources of the Company. There can be no assurance that any such acquisition or investment can be satisfactorily financed or, if acquired, will generate revenue, income or other returns for the Company, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Company's administrative and operational resources and its ability to manage growth.

Major Contracts

The Company has and may enter into major contracts that are complex and have several delivery milestones. These contracts are often subject to delay, change, revision and renewal. There is no guarantee that the Company can complete all activities on time and on budget and that the funding available will be adequate to meet adjustments to the contract. Failure by the Company to fulfill such contracts on a timely basis is a significant risk to the Company.

Risk to Reputation

Reputation is a critical asset in the investment industry. Potential damage to that reputation is a significant risk for the Company. Any of the risks identified herein could damage the Company's reputation, which in turn, could result in a lack of client or employee confidence, legal liability and difficulties in raising capital.

Risks Related to Investments

The Company intends to expand its operations and business by investing in additional businesses, products or technologies. Investments may involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities. In addition, there can be no assurance that the businesses, products or technologies, if any, will achieve anticipated revenues and income. Investments could also result in potentially dilutive issuances of equity securities. The failure of the Company to manage its investment strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence on Key Personnel

The success of the Company is largely dependent on the performance of its key senior management employees. Failure to retain key employees and to attract and retain additional key employees with necessary skills could impact the Company's growth and profitability. The Company's progress to date in commercializing its proprietary products has been dependent, to a significant extent, on the skills of its senior management. The departure or death of certain members of the executive team could have an adverse effect on the Company. The Company has experienced changes in its management personnel and further changes may occur in the future. The Company may face transitional difficulties in connection with these changes, and there can be no assurance that the Company will be able to attract and retain highly-skilled and qualified personnel to replace employees who leave the Company.

Industry Growth

There can be no assurance that the market for the Company's existing products will continue to grow or that the Company will be successful in independently establishing markets for its products. If the markets in which the Company's products compete fail to grow or grow more slowly than the Company currently anticipates, or if the Company is unable to establish markets for its new products, the Company's operating results and financial condition could be adversely affected.

Economic Slowdown

From time to time markets have witnessed the weakening of global macro-economic conditions. This weakness could have adverse effects on the investments of the Company's ability to continue as a going concern.

Management of Future Growth and Expansion

Planned expansion of the Company's business and its future success will depend on its ability to manage growth as it expands its products and marketing capacities, which may place a significant strain on the Company's management resources, employees and operations, as well as its ability to finance such growth. To manage growth effectively, the Company will be required to continue to implement changes in certain aspects of its business, expand its operations, and develop, train, manage and assimilate an increasing number of management-level and other employees. If management is unable to manage growth effectively, the Company's business, prospects, financial condition and operating results could be affected. The Company does not have a history of business operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Legislative, Insurance, Compliance Costs, Regulatory Action and Environment

To comply with various increasing and complex regulatory reporting and standards involves significant cost. Changes to securities regulatory standards, account policy, and compliance reporting could place an additional expense burden on the Company. Insurers may increase premiums as the Company's business continue to grow so future premiums for the Company's insurance policies, including directors' and officers' insurance policies, could be subject to increase.

15. INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to anticipated timing for financing, and other funding instruments as well as the future anticipated capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others; the actual results of web platform and software development activities and expenditures. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.