



## MANAGEMENT DISCUSSION AND ANALYSIS

### Fiscal year ended July 31<sup>st</sup>, 2024

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#### MANAGEMENT DISCUSSION AND ANALYSIS – FY2024

The following management’s discussion and analysis (the “MD&A”) objective is to help the reader better understand the activities of KDA Group Inc., (“KDA” or the “Corporation”), and the highlights of its audited consolidated financial situation. It explains the consolidated financial situation and the results of its operations for the fiscal year ended July 31<sup>st</sup>, 2024, and the comparative of the Corporation’s consolidated statement of financial position as of July 31<sup>st</sup>, 2023.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Corporation for the fiscal year ended July 31<sup>st</sup>, 2024, and the related notes thereto.

The audited consolidated financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation’s Board of Directors on November 22, 2024.

The context otherwise required, all references to “KDA”, “Corporation”, “our”, “us”, “we” refers to KDA Group Inc. as consolidated with its subsidiaries. Further information about the Corporation, projects, annual and quarterly reports are available for consultation on the website of SEDAR at the following address: [www.sedar.com](http://www.sedar.com).

#### LOOKING-FORWARD STATEMENTS

Some statements contained in this MD&A, especially the opinions, the projects, the objectives, the strategies, the estimates, the intent, and the expectations of the Corporation that are not historical data, are forward-looking statements. Such statements can be recognized by the terminology “budget”, “forecast”, “anticipate”, “intends”, “consider”, “anticipates”, “foresee”, “believes” and other terms and similar expressions like “may”, “could”, “would”, “might” or “will”. The statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events, and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The actual results for the Corporation could differ materially.

Although the Corporation believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Corporation on the date hereof, no assurance can be given as to future results, approvals, or achievements. Forward-looking statements contained in this MD&A and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Corporation disclaims any duty to update any of the forward-looking statements after the date of this MD&A except as otherwise required by applicable law.

#### REPORTING ENTITY, NATURE OF OPERATIONS AND SCOPE OF ACTIVITIES

The Corporation is domiciled in Canada and incorporated under the Business Corporations Act (Quebec). Its shares are listed for trading on the TSX Venture Stock Exchange under the symbol KDA.

The Corporation started as a provider of pharmacy personnel replacement and vocational training services and then evolved, using an acquisition strategy, to become a leading solution and services provider to pharmacies and pharmaceutical companies in Canada and finally, to focus on the development and marketing of its technological products for the booming connected healthcare market.

The development of its technological products includes five different platforms:

***Prescripteur KRx CAD and USA:***

An electronic prescription platform assisting dentists in their practice (development completed, and deployment has begun). Additional improvements are still in progress for the platform to be able to reach USA and international markets.

***KRx Cannabinoid:***

An electronic prescription platform helping doctors in their practice for prescribing medical cannabis. The cannabinoid prescription platform, which had been fully developed, was completely deprecated as of July 31, 2024. Management determined that increasing competition and market saturation had significantly reduced profitability, making the continuation of this project unjustifiable.

And the two most important platforms are:

***Adherize (ADRX):***

The Adherize platform is designed to provide healthcare professionals, such as doctors and pharmacists, with a suite of virtual resources to present and share crucial information. It integrates several innovative modules, including an intelligent dialogue system that facilitates interactive communication, an online questionnaire for collecting valuable data, a dedicated dashboard for pharmacists to track and analyze activities, and advanced algorithms to enhance decision-making. Additionally, a patient portal allows easy access to personalized information, contributing to better health management.

In April 2024, a strategic partnership was established with a Corporation owning multiple pharmacy chains in North America. This agreement aims to launch a pilot project in ten pharmacies located in Quebec and Ontario. This pilot officially started on September 5, 2024, and will run for twelve weeks.

***Medherize:***

The Medherize platform is an innovative solution dedicated to the clinical management of patients requiring specialized medications. Currently, it offers functionalities specifically designed for tracking patients with metastatic breast cancer. Through its intuitive interface, the application provides real-time monitoring and effective care management, thereby maximizing treatment efficacy. Medherize aims not only to improve the quality of care but also to support patients in their care journey through integrated communication and support tools.

It's not recommended to unduly rely upon these forward-looking statements. The forward-looking statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Corporation does not intend to update these prospective statements to reflect new information or future events, and it is by no means committed doing so.

Significant subsidiaries – ownership:

Corporation	Nature of Services	July 31 <sup>st</sup> , 2024	July 31 <sup>st</sup> , 2023
Groupe Technologique KDA inc.	Pharmaceutical Technology	<b>80%</b>	<b>80%</b>
Covapharm inc.	Pharmaceutical Technology	<b>80%</b>	<b>80%</b>

## HIGHLIGHTS

- On September 21, 2023, the Corporation replaced its unsecured convertible debenture dated June 22, 2021, with an unsecured convertible debenture in the amount of \$450,000 at an eleven percent (11%) interest rate per year for a term of two (2) years (the “Debenture”) with an accredited investor. The Debenture is convertible at the option of the Debenture holder for up to 4,500,000 Common Shares in the share capital of KDA at a conversion price of \$0.10 per Common Share for a period of 24 months following closing; and an unsecured loan in the amount of \$300,000 at an eleven percent (11%) interest rate per year for a term of two (2) years.
- On September 22, 2023, the Corporation, pursuant to its stock option plan, granted incentive stock options to directors, officers, employees and consultants of the Corporation to purchase up to an aggregate of 6,050,000 Common Shares. The stock options are exercisable on or before September 22, 2028 at a price of \$0.10 per Common share, are subject to a 24-month vesting period and are granted in accordance with the policies of the TSX Venture Exchange and the terms and conditions of the Corporation’s stock option plan.
- On December 8, 2023, KDA Group completed a private placement with accredited investors totaling 11,250,000 units at a price of \$0.10 per Unit for total gross proceeds of \$1,125,000. Each Unit consists of one Classe A Share of KDA and one Common share purchase warrant. Each Warrant entitles the holder to purchase one additional Common share of the Corporation at an exercise price of \$0.15 per common share for a period of 24 months ending December 8, 2025. All securities issued pursuant to the Private Placement are subject to a mandatory four-month and one-day hold period expiring on April 9, 2024, in accordance with applicable securities regulations. No finder’s fee or commission are payable in connection with the Private Placement.
- On December 20, 2023, KDA Group announced that it is working with several Quebec and Canadian pharmacy banners to ensure the performance of its pharmacological adherence software, Adherize+.
- On February 29, 2024, KDA Group entered into an agreement with a creditor to settle a debt totaling \$1,236,398 in exchange for the issuance of 4,000,000 Class A shares of KDA at a price of \$0.309 per share.
- On June 12, 2024, KDA Group announced the development of Medherize, a new clinical management solution for specialized medications for breast cancer.

**FINANCIAL POSITION**  
**SELECTED ANNUAL INFORMATION**

	For the Fiscal Years ended July 31 <sup>st</sup>	
	2024	2023
	\$	\$
Cash and cash equivalents	<b>1,647,058</b>	4,632,498
Receivables	<b>10,011</b>	458,835
Tax credit Rs&DE	<b>200,826</b>	466,812
Other receivables	<b>112,615</b>	1,052,046
Non-current assets	<b>11,344,183</b>	15,209,548
<b>Total Assets</b>	<b>13,394,398</b>	21,864,270
Short-term and long-term debt	<b>684,748</b>	1,579,487
<b>Total Liabilities</b>	<b>1,671,331</b>	5,358,590
<b>Total Equity</b>	<b>11,748,580</b>	16,505,680

The decrease in cash between 2024 and 2023 is primarily explained by the repayment of long-term debts and investments in the development of the various platforms described earlier.

The other receivables of \$1,052,046 as of July 31, 2023, represented a balance from the sale of a subsidiary and was collected in July 2024. As of July 31, the amount of \$112,615 corresponds to a working capital adjustment related to the sale of a subsidiary during the year ended July 31, 2023.

Total long-term assets amounted to \$11,344,183 as of July 31, 2024, compared to \$15,209,548 as of July 31, 2023. The variation of \$(3,865,365) is explained by several factors:

- Acquisition of \$2,003,339, distributed as follows: \$14,922 in computer equipment and \$1,988,417 in intangible assets;
- Cancellation of a lease recorded as an asset under the right-of-use according to IFRS 16 – Net value of \$1,189,112;
- Disposal of preferred shares amounting to \$1,200,000;
- Amortization and impairment of assets for an aggregate of \$3,210,193;
- Cancellation of deferred tax assets for \$366,610.

Overall, liabilities decreased by \$3,687,259 and are primarily explained by a change in accounts payable of \$1,125,669, repayment of long-term debt totaling \$855,000, repayment of lease obligations of \$217,500, and settlement of lease obligations of \$1,236,398 in exchange for 4,000,000 Class A shares of KDA Group.

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**Fiscal year ended July 31<sup>st</sup>, 2024**

Equity has decreased by \$4,782,613 since July 31, 2023, with the variation detailed as follows:

- Increase in share capital of \$2,419,333 from private placements, exercised options, and debt settlements.
- Increase in accumulated surplus of \$377,667 from the value attributed to options.
- The addition of a conversion option of \$101,403 calculated on the \$450,000 convertible debenture.
- Increase in accumulated deficit of \$7,681,016 corresponding to the deficit for the fiscal year ended July 31, 2024.

**NET INCOME AND COMPREHENSIVE INCOME**  
**SELECTED ANNUAL INFORMATION**

	For the Fiscal Years ended July 31 <sup>st</sup>	
	2024	2023
	\$	\$
<b>Revenues</b>	<b>147,417</b>	161,124
Expenses	<b>(1,434,247)</b>	-
Gross margin	<b>(1,286,830)</b>	161,124
Selling and administrative expenses	<b>3,225,881</b>	3,159,817
Amortization, depreciation and impairment loss	<b>1,775,946</b>	310,551
Net finance costs	<b>167,746</b>	1,389,433
Income on debt revaluation	-	7,171,521
Loss on lease termination	<b>1,188,715</b>	-
Net Income tax and deferred tax expense	<b>150,026</b>	1,854,459
Income (loss) from continuing operations	<b>(7,454,151)</b>	618,385
Net income from discontinued operations	<b>(226,865)</b>	15,519,782
Net income (loss) and comprehensive income (loss)	<b>(7,681,016)</b>	16,138,167
Net loss per share, basic and diluted	<b>(0.045)</b>	0.108

**MANAGEMENT DISCUSSION AND ANALYSIS**  
Fiscal year ended July 31<sup>st</sup>, 2024

## QUARTERLY INFORMATION

Operating results for each of the last 8 quarters are presented in the table below.

Unaudited	Q1	Q2	Q3	Q4	FY 2024
	\$	\$	\$	\$	\$
Revenues	<b>27,140</b>	<b>91,131</b>	<b>17,858</b>	<b>11,288</b>	<b>147,417</b>
Expenses	-	-	-	<b>(1,434,247)</b>	<b>(1,434,247)</b>
Loss on lease termination	-	-	<b>(1,188,715)</b>	-	<b>(1,188,715)</b>
Operating expenses	<b>1,693,143</b>	<b>1,050,687</b>	<b>996,140</b>	<b>1,388,662</b>	<b>5,128,632</b>
Net income (loss) from continuing operations	<b>(1,666,003)</b>	<b>(1,284,556)</b>	<b>(2,166,997)</b>	<b>(2,486,621)</b>	<b>(7,604,177)</b>
Net income (loss) from discontinued operations	-	-	-	<b>(226,865)</b>	<b>(226,865)</b>
Net profit (loss) and comprehensive profit (loss)	<b>(1,666,003)</b>	<b>(1,284,556)</b>	<b>(2,166,997)</b>	<b>(2,563,460)</b>	<b>(7,681,016)</b>
Net loss per share	<b>(0.010)</b>	<b>(0.008)</b>	<b>(0.012)</b>	<b>(0.015)</b>	<b>(0.045)</b>

Unaudited – Thousands CAD	Q1	Q2	Q3	Q4	FY 20223
	\$	\$	\$	\$	\$
Revenues	93,119	-	-	68,005	161,124
Profit on debt revaluation	-	-	-	7,171,521	7,171,521
Operating expenses	1,142,929	1,248,973	1,097,126	1,370,773	4,859,801
Net income (loss) from continuing operations	(1,049,811)	(1,248,973)	(1,097,126)	4,013,295	618,385
Net income (loss) from discontinued operations	1,010,513	1,215,317	1,436,094	11,857,858	15,519,782
Net profit (loss) and comprehensive profit (loss)	(39,298)	(33,656)	338,968	15,872,153	16,138,167
Net income (loss) per share	-	-	-	0.099	0.108

Overall, revenues are comparable between the two fiscal years. However, in the last quarter, the Adherize platform began its rollout, and the amortization of development costs, along with the amortization of intellectual property rights, was included in the cost of sales, resulting in a gross margin loss of \$(1,286,830).



**MANAGEMENT DISCUSSION AND ANALYSIS**  
**Fiscal year ended July 31<sup>st</sup>, 2024**

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During the 2024 and 2023 fiscal years, the Corporation recorded non-recurring transactions, such as a loss on lease termination in 2024 and income of \$7,171,521 related to debt cancellation in 2023. Despite the over \$7 million debt cancellation in the fiscal year ending July 31, 2023, the results of the two fiscal years remain comparable.

During the fiscal year ended July 31, 2023, the Corporation sold several subsidiaries, resulting in a significant gain related to discontinued operations, as detailed in the following table.

**DISCONTINUED OPERATIONS**

Statements of income (loss) and comprehensive income (loss) for the Disposal Group:

	2024	2023
	\$	\$
Revenues	-	27,753,765
Cost of Revenues	-	20,508,254
Other revenues	379,609	-
Selling and administrative expenses	-	1,855,906
Amortization, Depreciation	-	257,379
Income before following:	-	5,132,226
Financial costs	-	516,198
Accreted interest	-	1,622
Loss (gain) on debt revaluation	-	(589,073)
Loss on disposal of investments	-	-
<b>Income before profit on sale of subsidiaries and income tax expense</b>	<b>379,609</b>	<b>5,203,479</b>
Gain on sale of discontinued operations	(325,000)	10,885,241
<b>Income before income tax expense</b>	<b>54,609</b>	<b>16,088,720</b>
Income tax expense	(65,861)	568,938
Deferred tax expense	347,335	-
<b>Income from discontinued operations, net of tax</b>	<b>(226,865)</b>	<b>15,519,782</b>

On May 4, 2023, the Corporation completed a transaction with 9483-0296 Quebec Inc. and Groupe Santé Halsa Inc, according to which both collectively has acquired the business of placement agency for pharmacists and pharmacy technical assistants.

On June 28, 2023, the Corporation completed the transaction with 9486-4410 Quebec Inc., a subsidiary of U.S.-based Clinical Education Alliance, LLC, according to which has acquired all the shares of Agence L.I.V. Inc., a wholly owned subsidiary of KDA.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Fiscal year ended July 31<sup>st</sup>, 2024

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For the two transactions described above, the Corporation received consideration of \$10,200,000 for KDA's pharmacist placement agency and pharmacy technician staffing activities, and \$13,500,000 for KDA's pharmaceutical solutions business. Overall, the transactions generated a profit of \$10,885,241.

For the fiscal year ended July 31, 2024, the transactions related to discontinued operations include working capital adjustments at the time of the sale and the loss on the disposal of preferred shares.

#### FINANCIAL POSITION

As of July 31, 2024, the cash balance amounted to \$1.6 million, and the working capital showed a ratio of 2.5 compared to 1.62 as of July 31, 2023.

#### CASH FLOW

The following table provides the sources of the cash flows for the year ended July 31<sup>st</sup>, 2024 and 2023:

Unaudited – Thousands CAD	FY 2024	FY 2023
Operating activities	<b>(1,888,606)</b>	(945,091)
Investing activities	<b>(1,225,550)</b>	17,155,162
Financing activities	<b>128,716</b>	(14,314,714)
Net (decrease) increase in cash	<b>(2,985,440)</b>	1,895,357

Cash flows related to operating activities of \$(1,888,606) compared to \$(945,091); the difference between the two fiscal years is primarily explained by the profit generated from discontinued operations during the fiscal year ending July 31, 2023.

Cash flows related to investment activities amounting to \$(1,225,550) for the fiscal year ended July 31, 2024, are mainly derived from the capitalization of development costs and the proceeds from the disposal of preferred shares. For the fiscal year ended July 31, 2023, cash flows from investment activities totaling \$17,155,162 are explained by proceeds of \$19,265,921 from the sale of subsidiaries, offset by acquisitions of tangible and intangible assets.

Cash flows related to financing activities for the fiscal year ended July 31, 2024, are attributable to debt repayments and the issuance of shares. In contrast, for the fiscal year ending July 31, 2023, cash flows related to financing activities primarily stemmed from the repayment of short- and long-term debts.

#### LIQUIDITY AND FINANCING

During the last two fiscal years, management has undertaken several actions to improve the Corporation's financial position and increase its liquidity:

On May 1, 2023, the Corporation completed a transaction with 9483-0296 Québec Inc. and Groupe Santé Halsa Inc., whereby they collectively acquired the placement agency business for pharmacists and pharmacy technical assistants for a total amount of \$10,200,000.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Fiscal year ended July 31<sup>st</sup>, 2024

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On June 28, 2023, the Corporation finalized the transaction with 9486-4410 Québec Inc., a subsidiary of U.S.-based Clinical Education Alliance, LLC, through which it acquired all the shares of Agence L.I.V. Inc., a wholly owned subsidiary of KDA, for a total amount of \$13,500,000.

On June 28, 2023, the Corporation fully repaid its debts to these private lending institutions, totaling \$13,034,848, and the 3,000,000 subscription warrants expired on the same day.

On September 21, 2023, the Corporation replaced its unsecured convertible debenture dated June 22, 2021, with an unsecured convertible debenture in the amount of \$450,000 at an interest rate of eleven percent (11%) per year for a term of two (2) years, as well as an unsecured loan of \$300,000 at an interest rate of eleven percent (11%) per year for a term of two (2) years.

On November 2, 2023, the Corporation received an early settlement on 1,200,000 preferred shares for a total price of \$875,000, resulting in a realized loss from discontinued operations of \$325,000.

On December 8, 2023, KDA Group completed a private placement with accredited investors totaling 11,250,000 units at a price of \$0.10 per unit, resulting in total gross proceeds of \$1,125,000.

On February 29, 2024, KDA Group entered into an agreement with a creditor to settle a debt totaling \$1,236,398 in exchange for the issuance of 4,000,000 Class A shares of KDA at a price of \$0.309 per common share.

After July 31, 2024, the Corporation continued its efforts to improve its financial position. The KDA Group is actively working on structuring private financing with the support of its shareholders, demonstrating their strong commitment to supporting the Corporation's growth. At the same time, we are maximizing the potential of tax credits through our partnership with Investissement Québec, strengthening our financial resources while benefiting from advantageous tax incentives. Additionally, we are working closely with CIBC Bank and Export Development Canada (EDC) to establish a flexible line of credit ranging from \$500,000 to \$1 million to address short-term liquidity and investment needs. These combined initiatives ensure a solid financial structure to support our ambitions for development and innovation in the health sector.

#### RELATED PARTY TRANSACTIONS

The related party transactions are disclosed in note 23 of the audited consolidated financial statements.

#### CONTINGENCIES

On June 29, 2016, in the purchase agreement of Pharmapar inc. ("PPR"), the Corporation agreed and committed to indemnify the seller for tax litigation up to \$350,000. PPR has been audited by the provincial tax authorities and adjustments are being discussed with the seller of PPR. The outcome of any further action on these matters is currently indeterminable. No adjustments have been reflected in the consolidated financial statements.

On September 10<sup>th</sup>, 2021, the Corporation received a letter of formal notice claiming contractual indemnity from a former officer. As of July 31<sup>st</sup>, 2022, the formal notice is totalling \$760,000. Management is in discussion to settle this matter, but it believes the maximum liability would amount to approximately \$350,000, which was recorded in the year ended July 31<sup>st</sup>, 2022.

On September 21<sup>st</sup>, 2022, the Corporation received an Originating Application claiming contractual indemnity from a former officer, totalling \$723,191, and a request for the issuance of 1,000,000 Class A shares. On October 24<sup>th</sup>, 2022, the Corporation filed an Originating Application against the former officer requesting an amount of approximately \$474,200.

On September 21, 2022, the Corporation received an Originating application claiming unpaid balance totalling \$705,677, relating to a share purchase agreement. A balance of \$311,287 is recorded as of July 31, 2022.

## **BASIS OF PRESENTATION AND GOING CONCERN**

The consolidated financial statements of the Corporation for the years ended July 31, 2024, and 2023, include the Corporation and its subsidiaries. The Corporation provides technological and operational efficiency solutions for both the general and specialized health sectors.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they become due.

During the year ended July 31, 2023, the Corporation has carried out the sale of various subsidiaries to focus on the development and commercialization of its technological products for the growing market of connected healthcare and to ensure the continuity of its operations.

Since the Corporation has just reached the commercial phase for its technology platforms, it has not yet generated revenues from its planned commercial operations and has an accumulated deficit of \$21,469,883 as at July 31, 2024 (\$14,561,758 as at July 31, 2023). For the year ended July 31, 2024, the Corporation reported a net loss from continuing operations, before income tax of \$7,454,151 (\$4,698,677 in 2023 before a non recurring gain on debt revaluation).

As at July 31, 2024, the Corporation has a positive working capital of \$1,230,996 (\$2,558,646 as at July 31, 2023). During the year ended July 31, 2024, the Corporation issued 11,250,000 units, which comprise 11,250,000 common shares and 11,250,000 warrants, for a total cash consideration of \$1,125,000. 1,200,000 warrants were exercised subsequently for total proceeds of \$180,000 (note 26). The Corporation is expecting further tax credits and is negotiating a line of credit with a financial institution.

Until the Corporation is able to generate positive cash flows from its operations, it will continue to explore alternatives to generate additional financing, which may include raising additional equity and/or debt or entering into strategic partnerships or other agreements; however, there is no assurance that these initiatives will be successful.

The Corporation's ability to continue as a going concern is dependent on its ability to generate revenue and positive cash flows from operating activities and obtain additional financing to fund the cost of operations. These matters create a material uncertainty which may cast significant doubt on the Corporation's ability to continue as a going concern, and therefore realize its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities

and the reported expenses and financial position classifications that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as of July 31<sup>st</sup>, 2024.

## NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

There were no new accounting pronouncements adopted during the year ended July 31<sup>st</sup>, 2024.

## FINANCIAL INSTRUMENTS

The financial instruments are described in note 21 of the audited consolidated financial statements as of July 31<sup>st</sup>, 2024.

## FINANCIAL RISKS, MANAGEMENT OBJECTIVES AND POLICIES

Financial risks, management objectives and policies are described in note 2 of the consolidated financial statements as of July 31<sup>st</sup>, 2024.

## OTHER RISKS AND UNCERTAINTIES

The business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. Our actual results could differ materially from the results contemplated in this MD&A due to important factors. The foregoing risks and uncertainties are not exhaustive and does not necessarily include all the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements.

Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. If any of the foregoing risks occur, alone or in combination, our business, financial condition, and results of operations, as well as the market price of our common shares, could be materially adversely affected.

**Operating Environment** – The Corporation is subject to changes in its general operating environment. The Corporation is exposed to the following elements affecting its operating environment: the availability of pharmacists, sufficient qualified personnel to provide specialized training, and the average compensation offered on the market.

**General Economic Conditions** – Demand for education and specialized training and replacement pharmacists is closely linked to the state of the health industry and overall economy. Consequently, a decline in general economic growth could adversely affect the Corporation's performance.

**Interest Rate Fluctuations** – Changes in interest rates may result in fluctuations in the Corporation’s future cash flows related to interest payment of its long-term debt.

**Reliance on Key Personnel** – The future success of the Corporation will be based on the quality of its management and key personnel. The loss of key personnel could have a negative effect on the Corporation. In addition, to execute its growth plan, the Corporation must attract and retain highly qualified personnel. Competition for these personnel is intense and there can be no assurances that the Corporation will be able to continue to attract and retain the personnel necessary for the development and operation of the Corporation’s business.

**Inability to Leverage Technology** – The Corporation’s future growth depends, in part, on its ability to leverage its technology to offer new solutions. Development of new solutions is complex and subject to some risks present in the industry. The Corporation may not be able to successfully launch new solutions, and there can be no assurances the Corporation’s development efforts will be successful in competing and launching such solutions. There can be no assurances that the Corporation will successfully develop or commercialize new solutions in a timely manner or at all, or that such solutions will achieve market acceptance. Any failure to design and implement new solutions on a timely basis and at a price acceptable to the Corporation’s target markets may have a material adverse effect on the Corporation’s business, growth, operating results and financial condition.

**Credit Facilities** – The Corporation’s credit facilities and financing agreement mature on various dates. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favorable terms to the Corporation.

**Credit Risks** – The Corporation provides services to clients primarily in Canada. The concentration of credit risk to which the Corporation is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. No single customer accounts for more than 10% of the Corporation’s revenues

**Availability of Capital** – The Corporation’s future growth may be dependent on the Corporation’s ability to fund a portion of its capital expenditures and working capital with the current credit facilities and financing agreement. The Corporation may be required to reduce dividends or sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Corporation for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

**Cybersecurity Risks** – Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer “hackers”, malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for the Corporation to entirely mitigate these risks. The security measures the Corporation has integrated into its internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Corporation may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach of customer data security were to occur, as a result of third-party action, employee error, malfeasance

or others, and the confidentiality, integrity or availability of the customers' data was disrupted, the Corporation could incur significant liability to its customers and to individuals or business whose information was being stored by its customers, and its products may be perceived as less desirable, which could negatively affect the Corporation's business and damage its reputation. Security breaches impacting the Corporation's products could result in a risk of loss or unauthorized disclosure of customers' information, which, in turn, could lead to litigation and possible liability. In addition, a network or security breach could damage the Corporation's relationships with its existing customers, resulting in the loss of customers, and have a negative impact on its ability to attract and retain new customers.

These breaches, or any perceived breach, of the Corporation's network, its customers' networks, or other networks, whether any such breach is due to a vulnerability in the Corporation's products, may also undermine confidence in its products and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. Third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information, or otherwise compromise the security of the Corporation's internal networks, electronic systems and/or physical facilities in order to gain access to its data or its customers' data, which could result in significant legal and financial exposure, loss of confidence in the security of its products, interruptions or malfunctions in its operations, and, ultimately, harm to its future business prospects and revenue. The Corporation may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security. Failure to prevent or mitigate security breaches and improper or unauthorized access to, use or disclosure of our data or customer data, including any personal information and personal health information, could result in the loss or misuse of such data, which could harm our business and reputation.

**Litigation** – The Corporation may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether meritorious or not, can be time-consuming, divert management's attention and resources and cause the Corporation to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Corporation could, in the future, be subject to judgments or settlements of claims for significant monetary damages. Substantial litigation costs or an adverse result in any litigation may adversely impact the Corporation's business, operating results or financial condition.

**Volatile Market Price for Common Shares** – The market price for the Common Shares may be highly volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation control, including, but not limited to: (i) actual or anticipated fluctuations in the Corporation's operating results; (ii) changes in the economic performance or market valuations of companies in the industry in which the Corporation operates; (iii) addition or departure of the Corporation's executive officers and other key personnel; (iv) sales or anticipated sales of additional Common Shares; (v) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; (vi) announcements of technological innovations, patents or new commercial products by the Corporation or its competitors; (vii) regulatory changes affecting the Corporation's industry generally and its business and operations; (viii) news reports relating to trends, concerns, technological or competitive developments and other related issues in the Corporation's industry or target markets; and (ix) changes in global financial markets, global economies and general market conditions. The Common Shares have been subject to significant price and volume fluctuations historically and may continue to be subject to significant price and volume fluctuations in the future. Significant market price and volume fluctuations can affect the market prices of equity securities of companies

and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that fluctuations in share price and volume will not occur. Further, there can be no assurance that an active and liquid market for the Common Shares will develop, and investors may find it difficult to resell the Common Shares. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Corporation.

**Ongoing Costs and Obligations Related to Investment in Development** – The Corporation expects to incur significant ongoing costs and obligations related to the development, marketing and commercialization of our technology, which could have a material adverse impact on our results of operations, financial condition and cash flows. The Corporation's efforts to grow our business may be costlier than expected, and the Corporation may not be able to generate sufficient revenue to offset such higher operating expenses. The Corporation may incur significant losses in the future for some reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events.

**Costs and Obligations** – Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance regarding the reliability of financial reporting and financial statements. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation could harm the Corporation's results of operations or cause the Corporation to fail to meet its reporting obligations and may result in a restatement of its financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Corporation's reported financial and other information, which would likely have a negative effect on the trading price of the Common Shares. Management does not expect that the Corporation's disclosure controls, and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a corporation are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## CAPITAL MANAGEMENT

For the purposes of capital management, capital consists of share capital and retained earnings of the Corporation. The Corporation's objectives when managing capital are:

- To ensure proper capital investment in order to provide stability and competitiveness to its operations.

- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions.
- To maintain an appropriate debt level so that there is no financial constraint on the use of capital.
- To maintain investors, creditors and market confidence.

In managing capital structure, the Corporation manages its capital through regular reports to the board of directors, as well as management review of monthly or quarterly financial information.

The Corporation seeks to maintain a balance between the highest returns that might be possible with higher levels of borrowing and the advantages and security by a sound capital position.

There were no changes in the Corporation's approach to capital management during the year.

## **OUTLOOK**

The Corporation will continue to develop and want to start the commercialization an electronic adherence platform to create a relation between the patient, doctors, pharmacies, and insurance companies. Regarding our E-Prescribing system, we are discussing with certain countries in Asia, Middle East and with certain groups in the USA to implant our platform. KDA is well positioned for the future.

## **ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE**

This MD&A was prepared as of the date shown in the header of this document. Additional information relating to the Corporation can be found on the website [www.sedar.com](http://www.sedar.com) and on our website [www.kdagroup.ca](http://www.kdagroup.ca).



**MANAGEMENT DISCUSSION AND ANALYSIS**  
**Fiscal year ended July 31<sup>st</sup>, 2024**

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**GENERAL INFORMATION**

**HEAD OFFICE**

www.kdagroup.com  
1351, Notre Dame St. East, Suite 300  
Thetford Mines (Québec) Canada G6G 0G5  
Tel: 418-755-0821 | 514-622-7370  
Fax: 418-755-0822

**STOCK EXCHANGE**

TSX Venture Exchange under the symbol: **KDA**

**OFFICERS**

Marc Lemieux  
Michael W. Kinley

**BOARD OF DIRECTORS**

Marc Lemieux, Chairman  
Isabelle Bégin  
Patrick Fernet, Chair of the audit committee  
Michael W. Kinley

**LEGAL COUNSEL**

**Thibeault, Joyal**

1611, Crémazie East Blvd, Suite 301  
Montréal (Québec) Canada H2M 2P2

**TRANSFER AGENT**

**Computershare Trust Corporation of Canada**

1500, Robert-Bourassa Boulevard, 7<sup>th</sup> floor  
Montréal (Québec) Canada H3A 3S8