



April 26, 2024

FINTECH SELECT LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the years ended December 31, 2023 and 2022

The subsequent discussion and analysis represent management's evaluation of Fintech Select Ltd.'s performance and financial status. It's advised to review them alongside the audited consolidated financial statements for the years ending December 31, 2023, and 2022, along with their accompanying notes. These statements adhere to International Financial Reporting Standards ("IFRS") and involve management's judgment in making estimates and assumptions, which influence the figures reported and disclosed in the financial statements and notes. Interested parties can access the company's latest filings on the SEDAR website.

Management's Responsibility for Financial Reporting

The consolidated financial statements and Management's Discussion and Analysis (MD&A) have been meticulously prepared by Management, who, when necessary, have exercised informed judgments and made estimates regarding the outcomes of events and transactions, with careful consideration of materiality. Management fully acknowledges its responsibility to ensure the fairness, integrity, and objectivity of all information presented in the consolidated financial statements and their MD&A. To fulfill this duty, Management relies on the Company's robust system of internal controls, designed to reasonably safeguard assets, ensure accurate recording and execution of transactions with Management's authorization, and provide a reliable foundation for preparing the consolidated financial statements and MD&A. The Board of Directors fulfills its responsibility for the consolidated financial statements by scrutinizing them alongside management and the Company's auditors. All amounts mentioned in the MD&A are denoted in Canadian dollars, unless specified otherwise.

Forward-looking Statements

The MD&A includes forward-looking statements that express the Company's current expectations concerning future events. These statements often employ terms like "seek," "anticipate," "plan," "estimate," "expect," "intend," and phrases indicating potential outcomes such as "may," "will," "should," "could," or "might" occur or be achieved. Such forward-looking statements entail risks and uncertainties, encompassing challenges in predicting product approvals, the reception and demand for new products, competitive product offerings and pricing strategies, delays in product development and launch, regulatory dynamics, fluctuating operational outcomes, and other factors. Any of these could diverge materially from the discussed or implied outcomes in the forward-looking statements. While certain risks are inherent in the industry, others are more specific to the Company. Investors are advised to refer to the "Risk Factors" section of this MD&A, as well as the Company's ongoing quarterly filings, for further insights into the risks and uncertainties associated with these forward-looking statements. It's crucial for investors not to overly rely on these forward-looking statements.

Management does not undertake to update or modify any forward-looking statements based on new information, subsequent events, or other factors.

Corporate Overview

Fintech Select Ltd. TSX-V: FTEC (corporate website: www.fintechselect.com) leads the way in financial payment services, offering cutting-edge solutions such as prepaid card programs, POS Cryptocurrency, and e-wallet and online payment solutions. Our goal is to seamlessly integrate these core assets, creating a new landscape that benefits both consumers and businesses. Additionally, we operate a 24/7/365 multi-lingual call center, providing top-notch customer support to third-party customers in Canada and the USA, as well as to our own customers across all our platforms. Our mission is to empower customers with choices, convenience, and cost-effective financial transaction options, while striving for excellence in our call center services.

The Company has prioritized the expansion of this aspect of its call center business, achieving an impressive growth rate of 47% between 2022 and 2023. Although a single customer contributes a significant portion of its revenue and maintains a longstanding relationship spanning over 20 years, the Company serves numerous clients and operates various programs under this customer. Moreover, the ongoing initiative to enhance the customer service platform by introducing extra features and automated reporting capabilities is intended to streamline the reporting process for both the Company's customer care operations and its clients. This continual endeavor is aimed at enhancing the Company's revenue and profit potential.

During 2022 and 2023, the Company concentrated on various initiatives, including a significant focus on revamping its platform using cutting-edge POS Cryptocurrency software technology, particularly leveraging Android POS terminals. Simultaneously, the Company is actively seeking reputable exchanges and service providers to support its exchange transactions. Engagements with both local and global service providers are underway, with hopes of finalizing a solid agreement in the near future. Additionally, the Company wants to confirm that it still holds five bitcoins as an asset as of the current date. The objective is to roll out this platform specifically within Canada at this stage.

The Company maintains confidence in its proprietary platform, which is distinctive and caters to a wide range of users interested in conducting Crypto transactions with small amounts of money, as well as facilitating bill payments.

Management has contemplated merging the functionalities of the e-wallet and POS cryptocurrency platforms into a unified platform due to their shared similarities. This strategic direction has bolstered the confidence of the IT development team in the newly developed platform. Additionally, the Company plans to maintain a separate version of the POS Cryptocurrency platform for deployment within Canada. Recently, the Company has successfully renewed its registered license as a Canadian Money Service Business (MSB) with FINTRAC.

In recent years, our company has developed an extensive closed-loop prepaid card solution specifically tailored for our Libyan partner, Raseed. This solution serves Raseed's clients in Libya as well as regional banks. It allows banks and other clients to load funds onto their cards for use within the closed network of point-of-sale terminals. However, there has been a decline in demand for this solution due to waning interest and the continued availability of physical currency, which was the initial motivation for developing this platform. Consequently, we are committed to enhancing the solution and exploring its implementation in other countries where there may be a demand. Additionally, we are in discussions with our partner to identify further collaborative opportunities.

Selected Consolidated Financial Information

The subsequent selected consolidated financial information has been extracted from our consolidated financial statements for the three months and year concluding on December 31, 2023, and 2022, as well as our financial positions as of December 31, 2023, and 2022.

	3 months ended December 31		Year ended December 31,	
	2023	2022	2023	2022
REVENUE	\$ 653,104	\$ 616,259	\$3,822,182	\$ 2,587,867
EXPENSES				
Goods and services purchased	45,770	45,111	219,412	187,213
Salaries and benefits	670,440	581,128	2,942,337	2,623,166
Other general and administrative	61,408	80,799	210,737	243,620
Stock based compensation	111,768	--	111,768	--
Foreign exchange loss (gain)	10,033	6,871	25,884	(27,158)
Depreciation and amortization	4,973	30,744	79,143	124,990
Interest expenses	--	1,925	6,769	14,977
	904,392	746,578	3,596,050	3,166,808
Net income (loss) from operations	(251,288)	(130,319)	226,132	(578,941)
Impairment provision for software	--	382,125	--	382,125
Gain on settlement of accounts payable	103,079	--	103,080	2,157,451
Net income (loss)	(148,209)	(512,444)	329,212	1,196,385
Exchange difference on translating foreign operation	13,176	7,305	14,252	(38,813)
Gain/(loss) on revaluation of intangibles	96,769	(22,106)	167,303	(180,398)
Comprehensive income (loss)	\$(38,264)	\$(527,245)	\$ 510,767	\$ 977,174
Income (Loss) per share				
Basic	\$ (0.002)	\$ (0.007)	\$ 0.004	\$ 0.015
Diluted	\$ (0.002)	\$ (0.007)	\$ 0.004	\$ 0.015
Weighted average number of shares outstanding				
Basic	80,049,515	80,049,515	80,049,515	79,520,611
Diluted	80,049,515	80,049,515	80,049,515	79,520,611

Summary of annual results for the past three years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue	\$ 3,822,182	\$ 2,587,867	\$ 2,771,261
Net income (loss)	329,212	1,196,384	(112,797)
Total assets	<u>555,247</u>	483,032	1,223,070
Earning (loss) per share			
- Basic	\$ 0.004	\$ 0.015	\$ (0.002)
- Diluted	\$ 0.004	\$ 0.015	\$ (0.002)

Summary of the Quarterly Results for the past 8 Quarters

		<u>Revenue</u> \$	<u>Net</u> <u>income(loss)</u> \$
<u>2023</u>	<u>4th qtr.</u>	<u>653,104</u>	<u>(148,209)</u>
	<u>3rd qtr.</u>	<u>752,893</u>	<u>(141,369)</u>
	<u>2nd qtr.</u>	<u>1,042,527</u>	<u>164,190</u>
	<u>1st qtr.</u>	<u>1,373,658</u>	<u>454,600</u>
<u>2022</u>	<u>4th qtr.</u>	<u>616,259</u>	<u>(512,445)</u>
	<u>3rd qtr.</u>	<u>599,123</u>	<u>(160,029)</u>
	<u>2nd qtr.</u>	<u>622,652</u>	<u>(123,758)</u>
	<u>1st qtr.</u>	<u>749,833</u>	<u>1,992,616</u>

Financial position

	December 31, 2023	December 31, 2022
Current assets	\$ 469,850	\$ 320,681
Total assets	555,247	483,032
Current liabilities	1,342,192	1,892,512
Total liabilities	1,342,192	1,892,512
Total shareholders' deficit	\$ (786,945)	\$ (1,409,480)

Fourth Quarter Results of Operations

In the fourth quarter of 2023, revenues amounted to \$653,104, showing an increase from \$616,259 in the same period of 2022. Gross profit for the fourth quarter of 2023 reached \$607,334, up from \$571,148 in the same quarter of 2022. The Company remains committed to pursuing growth opportunities for new revenue streams while maintaining focus on its profitable lines of business.

Salary and benefit expenses totaled \$670,440 for the fourth quarter of 2023, representing an increase compared to the \$581,128 recorded in the same quarter of 2022. This rise can be attributed to increased business volume and adjustments in the minimum wage rate.

Other general and administrative expenses amounted to \$61,408 for the fourth quarter of 2023, down from \$80,799 for the same quarter of 2022, primarily due to the annual general meeting held in December 2022.

In November 2023, the Company granted 3.6 million incentive stock options at an exercise price of \$0.05 per option. The fair value of these options were recorded as share based compensation.

A foreign exchange loss of \$10,033 was recorded for the fourth quarter of 2023, compared to \$6,871 in the same quarter of 2022.

Depreciation and amortization expenses stood at \$4,973 for the fourth quarter of 2023, notably lower than the \$30,744 recorded for the same quarter of 2022. This decrease is attributed to the full amortization of right-of-use assets.

In the fourth quarter of 2023, the Company realized a gain on the re-evaluation of intangibles amounting to \$96,769, a significant increase from the loss of \$22,106 reported in the same quarter of 2022. This gain reflects the upward adjustment in the fair market value of the Bitcoins held by the company, and it was recorded in other comprehensive income.

The Company incurred a net loss of \$148,209 (or \$0.002 per share) for the fourth quarter of 2023, contrasting with a net loss of \$512,445 (or \$0.007 per share) for the same quarter in 2022. The higher loss in 2022 was primarily due to an impairment provision for a previously purchased software.

Furthermore, the exchange difference on the translation of the Company's US foreign operations for the fourth quarter of 2023 resulted in a gain of \$13,176, marking an increase from the gain of \$7,306 reported for the same quarter of 2022.

Year 2023

In 2023, revenues amounted to \$3,822,182, showing a notable increase from \$2,587,867 in 2022. Gross profit for 2023 reached \$3,602,770, up from \$2,400,654 in 2022.

Salary and benefit expenses for 2023 totaled \$2,942,337, compared to \$2,623,166 in 2022. Other general and administrative expenses in 2023 amounted to \$210,737, down from \$243,620 in 2022. The increase in salary and benefits can be attributed to heightened business volume and adjustments in the minimum wage rate.

Interest expense for 2023 was \$6,769, notably lower than the \$14,977 recorded in 2022. This decrease was primarily due to reduced lease liabilities and repayment of the demand loan.

In 2023, the Company's net profit amounted to \$329,212, marking a decrease from the net profit of \$1,196,384 achieved in 2022. The net profit in 2022 was primarily attributed to settlements, whereas the net profit in 2023 stemmed from operational activities.

Financial Condition

Assets and liabilities

As of December 31, 2023, the Company's total assets amounted to \$555,247, while total liabilities stood at \$1,342,192. This compares to \$483,032 in total assets and \$1,892,512 in total liabilities as of December 31, 2022.

In January 2022, the Company issued 7,425,000 common shares to three of its directors to settle \$297,000 in owed directors' fees and management compensation.

In December 2022, the Company recorded an impairment provision of \$382,125 for a previously purchased software.

Additionally, the fair value of the Bitcoins held by the Company as an investment increased by \$167,303 over the course of the year.

Liquidity and Capital Resources

We plan to allocate our funds to fulfill funding requirements for business development and new customer deployments, aligning with projected market demand. The specific funding needs may fluctuate based on factors such as the execution of our business plan, progress in product and business development, and sales performance, alongside the management of working capital requirements.

We anticipate that, in addition to our existing cash reserves and operational cash flow, proceeds from new debt and equity financing will be necessary to meet our expected cash needs for working capital, growth capital, and capital expenditures in the foreseeable future. It's imperative for the Company to secure additional capital to settle existing obligations, manage working capital needs, and finance new contracts in the financial services sector.

Currently, the Company doesn't have prearranged facilities for capital, but we'll continuously assess the timing and type of capital raise. It's important to note that there's no guarantee of successful completion of any equity financing, arrangement of additional debt with our current lender, or securing a new debt facility.

Share Capital

The fully diluted share capital of the Company is as follows:

Description	December 31, 2023	December 31, 2022
Common shares issued	80,049,515	80,049,515
Options	<u>5,760,000</u>	<u>4,210,000</u>
TOTAL:	<u>85,809,515</u>	<u>84,259,515</u>

As of April 29, 2024, 80,049,515 common shares and 5,760,000 options are outstanding.

Control and Procedures

The Chief Financial Officer and Senior Management have assessed the effectiveness of our disclosure controls and procedures for the year ended December 31, 2023. They have determined that our disclosure controls and procedures were efficient in ensuring that significant information concerning the Company was captured, processed, summarized, and reported promptly, meeting the Company's continuous disclosure obligations.

Furthermore, our Chief Financial Officer and Senior Management are accountable for designing internal controls over financial reporting within the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS (International Financial Reporting Standards).

There have been no alterations to the Company's internal controls over financial reporting during the most recent period that have had a significant impact—or are reasonably expected to have a significant impact—on the Company's internal control over financial reporting.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Nature of Operations and Going Concern Uncertainty

These consolidated financial statements have been prepared on a going concern basis, assuming that the Company will continue its operations in the foreseeable future and can meet its obligations as they become due. However, the Company has historically incurred losses, experienced cash outflows from operations, and has significant negative working capital at year-end, raising concerns about its ability to sustain operations without additional equity or long-term debt financing.

The Company's ability to continue its operations depends on achieving sustainable profitability or obtaining sufficient financing to address its working capital shortfall.

These financial statements do not reflect adjustments that would be necessary to the carrying values and classification of assets and liabilities if the going concern assumption were not appropriate.

As of December 31, 2023, the Company has a working capital deficiency of \$872,342 (compared to a deficit of \$1,571,831 on December 31, 2022). The Company anticipates having enough liquidity to fund its operations for no more than twelve months. This deficiency restricts the Company's ability to fund capital expenditures and ongoing operations.

Due to these cash flow constraints, there is significant doubt about the Company's ability to continue as a going concern. Its continuation relies on securing short-term financing, addressing working capital needs, reducing operating expenses, and increasing revenues. Management is implementing cost-cutting measures, such as streamlining operations, reducing research and development expenses, and minimizing capital expenditures. Additionally, the Company is actively reducing liabilities by negotiating with creditors and expanding its current call center businesses while seeking new business opportunities.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS necessitates management to make estimates and assumptions that influence the reported amounts in the consolidated financial statements and accompanying notes. Although management believes these estimates and assumptions, based on their best understanding of current events and potential future actions by the Company, are reasonable, actual results may differ from these estimates.

Key estimates and assumptions encompass determining the value in use for impairment tests, valuation of investments, valuation of share-based payments, the useful lives of property and equipment for amortization, allowance for doubtful accounts, valuation of right-of-use assets, lease obligations, and fair values of financial assets.

These estimates have been consistently applied compared to prior periods, and there are no identified trends, commitments, events, or uncertainties that management believes will significantly impact the assumptions used in these consolidated interim financial statements. However, it's important to note that these estimates are influenced by numerous factors, some of which may be highly uncertain.

Key Management Compensation

Key management personnel are individuals who possess the authority and responsibility for planning, directing, and overseeing the activities of the Company, both directly and indirectly. This encompasses any director, whether executive or otherwise, of the Company. The Company's key management personnel comprise the board of directors, the Chief Executive Officer & President, the Chief Financial Officer, and the Director of Business Operations.

Remuneration of key management of Company was as follows:

	Year	
	2023	2022
Salaries and Benefits	\$ 484,712	\$ 407,000
Share-based compensation	88,483	--

Throughout the calendar years 2022 and 2023, the Company's director and CEO, Mohammad Abuleil, has provided funds directly or indirectly (via a related or affiliated person or entity) at zero interest to address various financial needs of the Corporation. These funds were utilized to retire interest-bearing liabilities, reduce long-term corporate debt, cover corporate expenses, and bolster general working capital. As of December 31, 2023, these advances, net of partial repayments, totaled approximately \$89,162 (compared to \$465,162 in 2022).

Initially, the Corporation aimed to retire these advances through formal equity or debt financing obtained from the market. However, given the prevailing economic conditions of stagnation and inflation, along with the prevailing interest rate environment, the parties negotiated a formal loan agreement ("Loan Agreement") with Mr. Abuleil in November 2022. Pursuant to the Loan Agreement, the principal amount of the loan is up to \$500,000 with a term of one year. The loan carries no interest until May 31, 2023, after which an interest rate equivalent to the prime commercial rate of interest charged by the Toronto

Dominion Bank will be applied. For the year ended December 31, 2023, the director waived the interest charge.

Additionally, the Company granted a registrable general security to Mr. Abuleil under terms considered customary and appropriate by the Board of Directors, and based on advice from independent counsel.

Furthermore, as of December 31, 2023, an amount of \$270,695 (compared to \$222,486 in 2022) included in accounts payable was owed to directors and officers of the Company.

General Risk Factors

An investment in our common shares carries inherent risks and is speculative in nature. Prospective purchasers of common shares should carefully evaluate the following risk factors outlined in this MD&A, as well as other risk factors detailed in our continuous disclosure filings submitted to Canadian securities regulators via SEDAR. The following summary highlights certain risks associated with the Company's business and should be reviewed alongside comprehensive information found elsewhere in this document. It's important to note that the risks and uncertainties described below are not exhaustive, and the Company may face additional risks and uncertainties not currently known or considered immaterial. Should any of the following risks materialize, it could negatively impact the Company's business operations, financial performance, and overall financial condition. Consequently, the trading price of the Company's Shares may decline, potentially resulting in shareholders losing all or part of their investment.

Economic Recession Response

The current economic landscape, characterized by ongoing inflation and the Company's response to the economic downturn, is resulting in lower-than-anticipated sales across all technology markets. The precise impact of these evolving economic conditions remains uncertain, as their full macroeconomic ramifications are yet to be determined. There is a possibility that a recession could directly or indirectly influence the Company's business and financial outcomes.

For example, during periods of high inflation, the Company may face increased supply chain costs that it may or may not be able to pass on to its customers. Failure to effectively transfer these rising costs could lead to diminished gross profit margins. Moreover, inflation may prompt a decrease in demand for the Company's products and services as customers adjust their purchasing habits, either seeking more affordable alternatives or reducing consumption in response to inflationary pressures and broader economic trends.

In response to this inflationary environment and the potential for an economic downturn, the Company is proactively monitoring its expenses and consumer behaviors to optimize both revenues and gross profit margins. Additionally, the Company is closely monitoring economic conditions and remains prepared to implement necessary measures if a recession or stagflation directly impacts its business and future performance, including aspects such as total revenues and profit margins.

Liquidity

We face a working capital deficit, indicating that our current assets as of December 31, 2023, did not cover our current liabilities. Consequently, if we fail to improve our current assets to current liability ratio, our operations could be jeopardized.

A portion of our operational cash flow is allocated towards servicing our debt and financing the development of our new platforms. Our ability to fulfill our debt and other financial obligations hinges on our financial and operational performance, which is influenced by prevailing economic and competitive conditions, as well as various factors beyond our control. These include fluctuations in interest rates, the economic impact of inflation and recession, market liquidity conditions, increased operating costs, and industry trends.

Should our cash flow and capital resources prove insufficient to meet our liabilities, we may be compelled to scale back or postpone capital expenditures, growth initiatives, product and service launches, and future business opportunities. In such scenarios, we may need to consider asset sales, seek additional capital, or undertake restructuring measures to address our financial challenges.

Cash Flows and Profitability

We have yet to consistently generate profits, and there's no guarantee that we will achieve profitability in the future or maintain it once attained. A substantial portion of our financial resources has been and will continue to be allocated towards developing new financial products and services, as well as marketing activities. Our success hinges on our ability to generate revenues such that business development and marketing endeavors can be funded internally, without relying on external financing. However, there's no assurance that future revenues will be adequate to sustain these initiatives.

Our current and future expense levels are primarily based on our investment plans and revenue projections, and are largely fixed. As a result, we may face challenges in promptly adjusting spending to offset unexpected revenue shortfalls. Consequently, any significant revenue shortfall compared to our planned expenditures would immediately impact our business, financial performance, cash flow, and overall financial condition.

Moreover, in response to changes in the competitive landscape, we may occasionally make strategic decisions regarding pricing, services, or marketing approaches. While these decisions are intended to position us favorably in the market, they could potentially have a material adverse effect on our business, financial performance, financial condition, and future prospects.

Customer Relationships and Loss of Major Customers

Our ability to maintain existing customer relationships and cultivate new ones is crucial to the success of our products and services. Failure in this regard could lead to reduced support for our offerings, resulting in significant adverse effects on our business, financial condition, and/or operational outcomes.

Losing one or more major customers, failing to attract new customers promptly, or experiencing a decrease in sales and revenues from existing customers would severely impact our business, financial condition, liquidity, operating results, and future prospects.

In the current year, one customer accounts for 92% of our revenue (compared to 87% in 2022). Although this single customer contributes a significant portion of the Company's revenue and maintains a longstanding relationship spanning over 20 years, the Company serves numerous clients and operates various programs under this customer. The loss of a contract with this customer could have a substantial negative impact on our sales and profitability, underscoring the critical nature of maintaining strong customer relationships and diversifying our customer base.

Lack of Operating History with New Business Segments

Our new business segments, including the e-wallet and online payment solution, and POS Cryptocurrency, are in their early stages of development and have a limited operating history. Consequently, they should be viewed as development-stage businesses. This classification subjects us to numerous risks commonly associated with ventures in this stage, such as under-capitalization, cash shortages, limitations in personnel, financial resources, and other resources, as well as a lack of revenues and profitability.

Additionally, we may need to provide effective training for existing employees and hire new specialized personnel to support these segments of our business. These efforts are crucial for the successful development and growth of our new business areas.

Risks Associated with Evolving Business Models and New Product Launches

Our business model is continually evolving as we strive to develop, launch, and promote new or complementary products, services, technologies, and opportunities that management deems strategic. We regularly communicate updates on new product launches and development initiatives to shareholders and the investment community. However, readers should be aware that although we make such announcements, there is no guarantee that we will be able to launch these product offerings cost-effectively or within the estimated time frame, or that such efforts will generate revenues, profits, or achieve market acceptance.

Furthermore, the introduction of any new business or product by us that fails to resonate with customers could potentially harm our reputation and diminish the value of our brands. Expanding our operations in this manner also entails significant additional expenses and requires dedicated resources for development, operations, and other aspects, placing strain on our management, financial, and operational capabilities. If these new services or product launches fail to gain market acceptance or generate satisfactory revenues to offset their costs, it could have a material adverse effect on our business, financial results, cash flow, financial condition, and future prospects.

Uncertain Demand

The demand for our products and services relies on various social, political, and economic factors that are outside of our influence. While we anticipate that the demand for our offerings will continue to expand, there is no guarantee that such demand will materialize, or that customers will choose to purchase our products or services to meet their needs.

Effective Growth Management

Failure to effectively manage our growth could have adverse effects on our business and operating outcomes, potentially leading to a decline in the market price of our Common Shares. We anticipate ongoing expansion of our operations both domestically and internationally. However, this growth, along

with the increase in our workforce, is placing and will continue to place strain on existing management systems and resources. Inadequate management of the anticipated growth may result in higher operating expenses, ultimately causing us to fall short of shareholders', securities analysts', or prospective investors' expectations regarding future operating results.

Competition

We operate within a highly competitive marketplace, facing numerous competitors. Heightened competition may lead to decreased gross margins or a loss of market share, both of which could significantly impact our business and operational results. Management cannot guarantee successful competition against current or future rivals, nor can we assure that competitive pressures will not detrimentally affect our business.

Some competitors may possess the ability to respond more swiftly to new products or changing customer demands, or allocate greater resources to product development, promotion, and sales compared to us. Additionally, certain competitors may engage in strategic acquisitions or form partnerships with industry peers or third parties to enhance their market dominance.

It's worth noting that some of our competitors also serve as both customers and suppliers of the Company. Therefore, it's essential for us to maintain positive relationships with these competitors and coexist harmoniously in the marketplace.

Financing Requirements and Availability of Capital

We anticipate an increase in our capital requirements due to the growth of the new e-wallet and online payment business opportunity we are exploring, as well as the proposed expansion of our marketing and business development activities. Additionally, should we decide to enhance revenue in this area of our business, we may need to invest in the required inventory of top-up products. The exact amount of our future capital needs may be influenced by various factors, including slower growth, adverse changes in our business environment, delays in expanding our customer base, regulatory factors, and unanticipated rapid growth or competitive pressures.

There is a possibility that we may need to raise additional funds to pursue strategic acquisitions, investments, or other relationships we deem essential. As such, our actual capital requirements may differ from our current estimates, and these variations could be significant. Furthermore, there is no assurance that additional financing will be available to us on commercially reasonable terms, or at all. If we are unable to secure adequate funds or obtain financing on acceptable terms, we may face challenges in funding our expansion, seizing strategic opportunities, or responding to competitive pressures. Such difficulty in obtaining financing when required could materially impact our business, financial results, cash flow, financial condition, and future prospects.

If we raise additional funds through the issuance of equity or convertible debt securities, it may result in a reduction in the percentage ownership of our shareholders, additional dilution for existing shareholders, and such securities may carry rights, preferences, and privileges that are senior to those of our Common Shares.

Share Price and Volume Volatility

The trading volume of our Common Shares may be limited or sporadic, potentially impacting our shareholders' ability to sell them. Additionally, our share price could be subject to significant volatility

and wide fluctuations due to various factors, including those outlined in this MD&A. Moreover, fluctuations in the broader financial markets and changes in economic conditions may also adversely affect the market price of our Common Shares.

Fluctuation in Operating Results

We anticipate fluctuations in our future quarterly operating results due to various factors, including, but not limited to: (i) fluctuations in sales to both new and existing customers due to the seasonal business of the call center; (ii) changes in marketing and other operating expenses; (iii) competitive dynamics; and (iv) the timing of deliveries; (v) increase in minimum wages. As a result, we believe that comparing our operating results from one period to another may not necessarily provide meaningful insights and should not be relied upon as indicative of future performance.

It's probable that our future quarterly operating results may occasionally fall short of the expectations of security analysts or investors, which could have a material adverse effect on the market price of our Common Shares. Until we are able to consistently generate and forecast positive cash flows from recurring revenue, there remains a risk associated with utilizing our existing cash resources, potentially necessitating additional cash infusions from investors to sustain our operations.

Reliance on Key Personnel

To date, we have relied on a relatively small number of key officers and employees to drive our operations. Our senior executives possess extensive experience in our industry, and they are intimately familiar with our business, products, and customer base. However, the loss of knowledge, management expertise, and technical proficiency resulting from the departure of one or more members of our core management team could have significant ramifications.

Such a loss may lead to a diversion of management resources, create a temporary executive gap, or hinder our ability to develop and pursue other business strategies, ultimately impacting our business and financial results negatively. Additionally, given the technical nature of our business, our success relies on our ability to attract and retain qualified personnel in various areas such as management, marketing, information technology, and technical roles.

Competition for skilled personnel in our industry and geographic regions is fierce, and there is no guarantee that we will be able to consistently attract and retain the talent necessary for the multifaceted business landscape in which we operate. If we fail to retain qualified personnel for our financial service business, it could impair and delay our product development and implementation initiatives, thereby adversely affecting our cash flow, financial condition, and operational performance.

Credit Risk and Bad Debts

We consistently assess the risk associated with collections from both new and existing customers, taking into account factors such as customer size, payment history, and type. However, there is always a possibility that some customers may fail to fulfill their obligations to us, leading to outstanding amounts that we are unable to collect. This scenario could result in the incurrence of bad debt charges during a specific period.

The occurrence of significant bad debt or the inability to collect on amounts owed by customers could have a material adverse effect on our cash flow, financial condition, and operational results. Therefore,

managing and mitigating this risk is a critical aspect of our financial management strategy.

Regulatory Regime

Periodically, governments and regulatory bodies conduct reviews of legislation and regulations relevant to the industries we operate in. These reviews may lead to the enactment of new laws or the adoption of additional regulations in Canada, the United States, or other jurisdictions. Such changes could potentially impact businesses in these regions and pose a threat to our growth prospects.

Our expansion into the financial services sector exposes us to a highly regulated environment. The financial industry is subject to extensive regulation aimed at safeguarding consumers and the public, while also providing standardized guidelines for business operations. As providers of financial products, we and our partners are subject to various federal and provincial laws and regulations governing areas such as Know-Your-Customer (KYC) procedures, Anti-Money Laundering (AML) measures, Anti-Terrorist Financing (ATF) regulations, and the protection of customers' personal information.

Legislation pertaining to prepaid gift or stored-value cards has been enacted in most provinces, and the Canadian government recently issued a consultation paper titled "Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime," which includes proposals to enhance the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. Some of these proposals specifically address emerging payment technologies and could significantly impact the payments and cards industry in Canada.

While we believe that we are currently in compliance with all applicable laws and regulations, it's important to note that many of these regulations are relatively recent, complex, and at times ambiguous. Therefore, we cannot guarantee 100% compliance with all laws, nor can we ensure unanimous agreement from courts, arbitrators, and regulators regarding our compliance status.

Failure to comply with existing or future laws and regulations, or changes therein, could lead to unforeseen costs, limitations, and adverse effects on our business, financial condition, and operating results. Thus, ongoing vigilance and adherence to evolving regulatory requirements remain essential aspects of our operations.

Economic Risk

Any significant shifts within the market segments we serve could potentially impede our ability to sell products and services within those segments, thereby negatively impacting our business. The broader economic landscape affects us and our subsidiaries in various ways, encompassing customer spending habits, capital accessibility, and the availability of funds for marketing and advertising initiatives. An economic downturn may lead to a reduction in demand for our products or services.

The growth trajectory of our customers' businesses is intricately linked to the prevailing economic conditions, thereby potentially influencing our operational performance. We cannot accurately forecast the precise impact of current economic conditions on our future results, nor can we predict when the economy will demonstrate meaningful improvement. Consequently, our current and prospective customers may opt to curtail or postpone purchases, defer ongoing projects, or delay contract agreements.

Such circumstances may result in heightened delays and defaults in payments or debt collections, while

also intensifying competition within our industry. Certain competitors may resort to price reductions to either maintain or expand their market share, thereby exerting downward pressure on prices and potentially impacting our pricing and profitability in the process. Thus, our financial performance may be adversely affected by these dynamics.

Liabilities from Acquisitions

As part of our growth strategy, we actively seek acquisition opportunities in complementary markets. While our acquisition process involves thorough due diligence, and our agreements include detailed representations and warranties, unforeseen liabilities associated with acquired assets could emerge post-acquisition. The discovery of material liabilities could significantly impact our business, financial condition, and future prospects. Additionally, acquisitions funded through cash or Common Shares may dilute shareholder value or affect our cash position.

Changes in Technology

Our ability to adapt to the rapid evolution of technology in our industry is critical to maintaining our business and financial health. Technological advancements, new products, and evolving industry trends constantly shape our market landscape. These changes may impact the demand for our products, hasten the obsolescence of our offerings, and necessitate adjustments to our product and service portfolios.

We recognize that our future success hinges on our capacity to anticipate and respond to these dynamic shifts. Timely delivery of services and products that align with evolving customer needs and industry trends is paramount. Additionally, the effectiveness of our partnerships and supplier relationships in adapting to changing technologies is essential.

However, we acknowledge the uncertainty inherent in navigating technological changes and competing products and services. There is no guarantee that we will successfully address these challenges or avoid delays or setbacks, which could adversely affect our business, financial position, and operating results. Therefore, we remain vigilant in monitoring industry developments and proactive in adapting our strategies to mitigate potential risks.

Network and Internal Fraud

If fraudulent activity occurs within our networks or on our systems, it may result in financial costs to the company, particularly if it's determined that the breach stemmed from our negligence or failure to adhere to network regulations. Even if the fault lies with a perpetrator beyond our control, we may still bear the financial burden if they cannot be identified or held accountable.

As the industry witnesses the emergence of new fraud methods, we may need to invest significantly in additional security measures to safeguard against these threats. These expenses could be incurred voluntarily or mandated by changes in network regulations. Furthermore, instances of fraud can erode consumer trust, potentially leading to reduced transaction volumes with our financial products, ultimately impacting our cash flow.

Given that our employees and contractors have access to our systems and infrastructure, the risk of internal fraud exists. If individuals in key control positions were to engage in fraudulent activities, such as tampering with transactions or creating fake accounts, it could adversely affect our cash flow. To mitigate these risks, we enforce internal controls and maintain insurance coverage for network and internal fraud incidents.

Infrastructure Stability

The stability, functionality, and scalability of our network infrastructure and technology platforms, as well as those of our third-party suppliers, are crucial for the effectiveness of our product and service offerings. Any instability in these systems could have detrimental effects on our business reputation and operations.

If weaknesses are present in our infrastructure, we may encounter challenges in rectifying or mitigating them. Inability to address these weaknesses may lead to our products failing to meet customer expectations, thereby harming our reputation and business prospects. It is imperative that we maintain robust infrastructure to ensure the delivery of quality services and products to our customers.

Disaster Recovery

Given the high level of automation in our business operations, any disruption or failure of our systems could significantly delay our sales processes and service delivery. In the event of a major disaster or catastrophic event causing destruction or disruption to our critical business or information technology systems, our ability to conduct normal business operations could be severely compromised. Such disruptions may materially and adversely impact our future operating results. Therefore, it's crucial to implement robust contingency plans to mitigate the impact of such events on our business continuity.

Software Viruses and Network Intrusion

We operate multiple networks and management information systems, some of which are interconnected and linked to the internet or other external networks. This setup exposes us to potential risks such as viruses and network intrusions from third parties. Any intrusion or virus could disrupt the performance of our transaction processing capabilities and, in extreme cases, necessitate temporary shutdowns of affected systems, compromising customer information, user accounts, and employee data.

Additionally, systems accessible through the internet are vulnerable to "denial of service" attacks, which can render them unavailable to our customers and employees. To mitigate these risks, we maintain rigorous security policies and procedures. These measures include the use of intrusion detection software, virus monitoring tools, IP blocking, and IP tracking software. We also employ complex encryption methods for transactions and implement network monitoring and reporting solutions. Furthermore, we enforce application and database-level restrictions and controls through meticulous network design and implementation.

Improper Disclosure of Personal Data

We handle substantial volumes of personally identifiable information, mainly comprising customer data and transactions. Despite our rigorous security controls, employee training efforts, and adherence to best practices, there remains a risk of improper disclosure of this sensitive personal data. Such breaches could tarnish our reputation and expose us to legal liabilities under data protection laws, potentially impacting our business and financial standing in a significant manner.

Proprietary Information

We depend on a blend of copyright, trademark, and trade secret laws, along with confidentiality protocols, contractual agreements, and additional safeguards to safeguard our proprietary information. However, these protective measures offer only partial defense and may be vulnerable to invalidation, circumvention, or legal challenge. Despite our diligent efforts to shield proprietary rights, unauthorized entities may seek to acquire or utilize information deemed proprietary by the company. Failure to obtain approval for pending or future patent or trademark applications could leave our intellectual property vulnerable to infringement by other parties.

Conflicts of Interest

Given that some of the Company's directors and officers may also hold positions as directors, officers, or shareholders in other companies, potential conflicts of interest may arise periodically in connection with our operations.

Litigation and Judgement

The Company may become involved in litigation, both as a plaintiff and a defendant, arising in the ordinary course of business. Presently, the Company has one unresolved claim outlined as follows:

In July 2019, one of the Company's subsidiaries (the "Subsidiary") received a Statement of Claim from Her Majesty the Queen in Right of Alberta ("Alberta") amounting to \$633,284 (the "Alberta Claim"). This claim pertains to the balance of funds on expired cards under a Card Management Agreement between the Subsidiary and Alberta. The funds claimed by Alberta were received and held in the service provider's bank account, not that of the Subsidiary. The Company has duly recorded these payables in its financial statements. Upon receiving legal advice, the Subsidiary has opted to accept Alberta's proposed consent judgment to resolve the matter, and accordingly, has consented to the claim.

Financial Risk Management

The Company faces several financial risks inherent in its operations, including market risk (such as currency and interest rate fluctuations), credit risk, and liquidity risk. To address these risks, the Company has implemented a comprehensive risk management program aimed at mitigating potential adverse impacts on financial performance.

The risk management activities are overseen by the accounting and finance department in accordance with policies approved by the Board of Directors. This department works closely with management to identify and assess financial risks effectively. Furthermore, the finance department is tasked with establishing controls and procedures to ensure that financial risks are managed in line with the approved policies.

(a) Market Risk

(i) Currency Risk

The Company primarily operates in Canada with a subsidiary in the USA that has ceased operations. However, the Company still faces foreign exchange risk due to transactions, financial assets, and liabilities denominated in foreign currencies.

To manage this risk, the Company's primary goal is to ensure sufficient Canadian cash reserves to support forecasted Canadian cash flows over a 12-month period. To achieve this, the Company monitors projected cash flows in foreign currencies and adjusts the currency composition of its cash holdings accordingly.

Balances denominated in USD at December 31, 2023 and 2022 are as follows:

	2023	2022
Cash	--	10,299
Accounts receivable and other receivables	129,822	123,544
Accounts payable and accrued liabilities	(25,921)	(113,528)
Total net asset	\$ 103,901	\$ 20,315

Changes in the exchange rate between the Canadian dollar and the U.S. dollar can affect the Company's operational results. A 5% fluctuation in the U.S. dollar relative to the Canadian dollar would impact net income by approximately \$5,195 as of December 31, 2023 (compared to \$1,016 impact in 2022).

(ii) Interest rate risk:

Interest rate risk refers to the possibility that future cash flows of a financial instrument may fluctuate due to changes in market interest rates.

The Company is exposed to cash flow interest rate risk through financial assets and liabilities with variable interest rates. However, its demand loan has fixed interest rates, making it immune to interest rate fluctuations.

(b) Credit Risk

Credit risk refers to the potential financial loss the Company may face if a customer or counterparty fails to fulfill its contractual obligations. At the end of the period, the maximum exposure to credit risk for the Company is represented by the carrying value of its cash and accounts receivables.

To manage credit risk, the Company maintains bank accounts with Schedule 1 banks in Canada.

Capital Risk Management

The Company's capital management objective is to sustain its operations as a going concern, delivering returns to shareholders and benefits to stakeholders. Capital, as defined by the Company,

encompasses equity, including issued common shares, warrant reserve, contributed surplus accumulated, and other comprehensive income.

The primary aim of the Company's capital management is to ensure it maintains adequate cash resources to support its growth initiatives and ongoing operations. To fulfill these objectives, the Company may seek to raise additional funds through the issuance of equity or debt financing.

During the year ended December 31, 2023, the Company's capital management strategy focused on raising share capital, reaching settlements with creditors, discontinuing unprofitable ventures, and expanding profitable lines of business.

Commitments

- a) The Company has no lease commitment as at December 31, 2023.
- b) Right of use assets

The Company had the following future commitments associated with its lease obligations:

Balance at December 31, 2022	\$ 65,714
Interest expense	1,406
Lease payments	<u>(67,120)</u>
Balance at December 31, 2023	<u>\$ --</u>
Current portion	--
Long term portion	<u>--</u>

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.