

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)

Management's discussion and analysis

For the years ended June 30, 2022, and June 30, 2021

(Expressed in Canadian Dollars)

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

GENERAL INFORMATION AND CAUTIONARY STATEMENTS

INTRODUCTION

The following management's discussion and analysis ("MD&A") dated October 28, 2022, has been prepared in accordance with the requirements of NI 51-102 and provides information concerning the financial condition and results of operations of Sparx Technology Inc. ("Sparx" or the "Company") for the year ended June 30, 2022. The following MD&A should be read in conjunction with the Company's audited financial statements as at and for year ended June 30, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Additional information relating to the Company is available on the Company's website at www.sparxtechnology.com.

BASIS OF PRESENTATION

In this MD&A, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars. The information in this report is current as of October 28, 2022, which is the date of filing. Disclosures contained in this document is current to October 28, 2022, unless otherwise noted.

FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the mean of applicable securities laws in Canada. These statements are based on current expectations and estimates about our business and include information regarding our financial position, business strategy, growth strategies, operations, financial results and objectives. Particularly, information regarding our expectations of future results, growth of our operations and performance opportunities in the market in which we operate is forward-looking information.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "expects", or "does not expect", "estimates", "outlook", "prospects", "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward-looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

BUSINESS OVERVIEW

Nature of operations

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.) ("Sparx" or the "Company") was incorporated on January 14, 2021, under the laws of British Columbia, classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V" or the "Exchange") Policy 2.4. The head office and principal address of the Company is located at 1500 West Georgia – Suite 1300, Vancouver, B.C. V6G 2Z6, and its registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, B.C. V6C 3E8. The primary business of the Company is the development and distribution of their real-time platform that helps their clients engage their viewers and connect them to live content.

The Company is listed on the TSX-V under the symbol "SPRX" and the "STCXF" on the OTCQB Exchange.

Reverse takeover

On March 23, 2022, the Company completed its qualifying transaction pursuant to the rules of the Exchange (the "Qualifying Transaction") resulting in the reverse takeover of the Company by Sparx Technology Corp. ("Sparx Privco"). The Transaction would see Company purchase all of the issued and outstanding securities of the Sparx Privco in exchange of the issuance of an aggregate of 52,000,000 common shares in the Company (the "Transaction") which were issued to the former shareholders of Sparx Privco.

The Transaction was made pursuant to the terms of the Amalgamation Agreement dated December 2, 2021, with Sparx Privco and 13255841 Canada Ltd. Consistent with the Amalgamation Agreement 13255841 Canada Ltd., a wholly owned subsidiary of the Company, amalgamated with Sparx Privco., prior to the completion of the Transaction. Prior to the exchange of shares, the Company completed a forward split of its issued and outstanding common shares on the basis of 1.2:1 and changed its name to "Sparx Technology Inc".

Immediately prior to the completion of the Transaction, on satisfaction of certain escrow release conditions, 10,616,000 subscription receipts of Sparx Privco (the "Subscription Receipts"), issued at \$0.25 per Subscription Receipt for total gross proceeds of \$2,654,000 (the "Concurrent Financing"), were automatically converted into units of Sparx Privco which were immediately exchanged for units of the Company ("Resulting Issuer Units") for no additional consideration. Each Resulting Issuer Unit consisted of one Share and one-half of one common share purchase warrant (a "Resulting Issuer Warrant"), with each whole Resulting Issuer Warrant entitling the holder thereof to acquire one additional Share at a price of \$0.35 per Share until March 23, 2023. In the event that the Company's common shares trade at \$0.60 or greater for 10 consecutive trading days, the warrants expiry date will be accelerated to 30 days upon this event.

In connection with the Concurrent Financing, the Company paid certain finders aggregate cash fees of \$107,600 and issued an aggregate of 430,400 finder's warrants (the "Financing Finder Warrants") to finders who introduced subscribers to the Concurrent Financing. Each Financing Finder Warrant is exercisable into one Share at a price of \$0.35 per Share until March 23, 2023. In the event that the

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

Company's common shares trade at \$0.60 or greater for 10 consecutive trading days, the warrants expiry date will be accelerated to 30 days upon this event. In addition, a finder's fee of 1,558,000 common shares of the Company with a fair value of \$0.25 per share was paid in connection to the Transaction.

For accounting purposes, Sparx Privco is treated as the account acquirer (legal subsidiary), and the Company is treated as the accounting acquiree (legal parent) in these consolidated financial statements. As Sparx Privco was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these financial statements at their historical carrying values. The Company's results of operation are included from the date of the Transaction on March 23, 2022. The comparative figures are those of Sparx Privco prior to the reverse acquisition.

RESULTS OF OPERATIONS

Annual results

The following table provides selected financial information for years ended June 30, 2022, and June 30, 2021.

	June 30, 2022	June 30, 2021
	\$	\$
Revenue	930,777	698,188
Expenses	5,457,620	4,469,645
Other income	63,291	132,969
Net loss	(4,463,552)	(3,638,488)
Total assets	1,253,150	198,791
Total non-current liabilities	(109,692)	(36,676)

Revenue

During the year ended June 30, 2022, the Company recognized revenues of \$930,777 and \$698,188 for the same period in 2021. The increase in revenue for the year ended June 30, 2022, is primarily attributable to the addition of a Canadian Chartered Bank customer who utilized the Company's Sparx Studio platform during the second quarter of the 2022 fiscal year with revenues amounting to \$153,104. In total the Company added six new enterprise customers to their portfolio during the 2022 fiscal year. The remaining increase in revenues during the 2022 fiscal year were predominantly revenues relating to increased scope of work provided for recurring customers.

Expenses

During the year ended June 30, 2022, the Company recognized expenses of \$5,457,620 and \$4,469,645 for the same period in 2021.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

The following significant changes in expense classes are detailed as below:

Consulting fees

For the year ended June 30, 2022, total consulting expenses increased to \$910,628 from \$741,553 for the same period in 2021. The additional consulting expenses were primarily related to an increase in the consulting engineering fees used for continued product improvement to meet customer demands and to improve the Company's technology platform. Further, the Company increased the scope of services provided by their external IT consulting group to create a software as a service (SaaS) solution for the *Sparx Studio* product that the Company will bring to the public market in the 2023 fiscal year. Included within the costs incurred by the external IT consulting group are costs incurred directly on providing the platform to Sparx's customers. Further increases in consulting fees were a result of the Company completing the Transaction in the 2022 fiscal year. As a result of the Transactions additional fees related to marketing, public relations, and sales structure were incurred.

Interest

The interest incurred on the debt facilities for the year ended June 30, 2022, and 2021 is as follows:

	2022	2021
	\$	\$
Cash interest expense	25,964	1,423,418
Interest accretion	–	1,125,160
Total interest incurred on long-term debt	25,964	2,548,578
Interest on short-term debt	49,112	1,307
Other interest incurred	29,791	56,896
Total interest	104,867	2,606,781

For the year ended June 30, 2022, interest decreased to \$104,867 from \$2,606,781 for the same period in 2021. This decrease is a result of the conversion of debt and the corresponding interest to contributed surplus as a result of the Transaction.

Professional fees

For the year ended June 30, 2022, total professional fees increased to \$385,489 from \$163,947 for the same period in 2021. The additional professional fees are primarily incurred as a result of the costs related to executing the Transaction. The Transaction and related RTO process required a multi-year audit and a significant increase in legal work to process all required documents for listing. Further, additional fees are incurred as a result of regulatory requirements as a publicly listed company.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

Insurance

For the year ended June 30, 2022, the Company realized an increase in insurance to \$16,827 in 2022 from \$9,795 for the same period in 2021. This increase in insurance fees from the prior year is related to the Company purchasing additional insurance policies as a result of going public.

Travel and Conferences

For the year ended June 30, 2022, travel and conferences increased to \$41,205 from \$489 for the same period in 2021. This increase in travel and conference fees is a result of the COVID-19 travel and group restrictions being lifted in the 2022 period, resulting in an increased amount of travel for work, as well as an increase in attendance for trade shows and conferences.

Stock-based compensation

For the year ended June 30, 2022, total stock-based compensation expenses increase to \$823,493 from \$413 for the same period in 2021. The increase in the stock-based compensation is a result of the stock options issued in the 2022 fiscal year, as discussed elsewhere in this MD&A.

Listing fees

For the year ended June 30, 2022, total listing fees increased to \$2,141,864 from \$nil for the same period in 2021. The increase in listing fees is directly related to costs associated with the Company being listed on the TSX Venture Exchange in addition to the costs related to the Transaction. The listing fees included the following.

	\$
Transaction costs	1,712,611
Finder's fee of 1,558,000 common shares at \$0.25 per share	389,500
Other listing costs incurred	39,753
Total	2,141,864

The Transaction Costs are further described with Note 3 within the June 30, 2022, and 2021 consolidated financial statements.

Other income

During the year ended June 30, 2022, the Company recognized \$63,291 relating to recovery on a payable as a part of the IRS penalty relief program. During the year ending June 30, 2021, the Company recognized \$132,969 in other income through government grant income. The government grant income recognized was in relation to \$27,000 received from the Canadian government as part of the Canada Emergency Business Account ("CEBA") program. Upon measuring the CEBA loan at fair value, \$13,464 was recognized

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management’s discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

as government grant income. Further, \$119,456 was recognized as government grant income as the US government forgave a material portion of the Company’s Paycheck Protection Program (“PPP”) loan. Further information regarding the measurement of the grants and government loan program can be seen in *Government loans payable*.

Quarterly results

The following table provides selected quarterly financial for the eight most recent fiscal quarters to June 30, 2022, prepaid in accordance with IAS 34 – Interim Financial Reports (“IAS 34”) as disused by the International Accounting Standards Board (“IASB”) information for years ended June 30, 2022, and June 30, 2021.

FOR THE 3 MONTHS ENDED	2022				2021			
	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30
Revenue	\$232,498	\$145,123	\$384,030	\$169,126	\$196,788	\$175,865	\$223,808	\$101,727
Expenses	873,955	3,393,461	676,771	513,433	1,325,981	1,139,505	1,024,458	979,701
Other Income	63,291	–	–	–	119,505	–	13,464	–
Net loss	(659,166)	(3,248,338)	(292,741)	(263,307)	(1,009,688)	(963,640)	(787,186)	(877,974)

Quarterly revenues varied dependent upon singular event revenues, while recurring revenues remained materially similar through the 2022 fiscal year. During the final quarter of the fiscal year ended June 30, 2022, the Company recognized \$232,498 in revenues compared to \$196,788 for the same period in 2021. This increase in revenues is a result of additional contracts won by Sparx in the sports and media and entertainment space and recognized during the quarter. The second quarter of fiscal 2022 saw an increase in revenues due to the addition of a Canadian Chartered Bank customer. Quarterly revenues in 2021 too varied quarter over quarter due to singular events.

In 2022 the Company implemented cost saving initiatives prior to the Transaction in order to maintain a suitable amount of capital, thus operating expenses decrease significantly for the first and second quarter of 2022 when compared to the operating expenses incurred during 2021. In the third quarter of 2022, the Company completed the Transaction and incurred Listing Fee expense that amounted to \$2,141,864 of which accounted for the material portion of the increase in expenses when compared to other quarterly results in 2022 and 2021. For the three months ended June 30, 2022, the Company realized an increase in consulting fees to \$279,142 in 2022 from \$245,940 for the same period in 2021. This increase in consulting fees from the prior year is related to an increase in the consulting engineering fees as discussed elsewhere in the MD&A.

Further, for the three months ended June 30, 2022, the Company incurred an increase in salaries and wages in comparison to three preceding quarters in fiscal 2022. With the proceeds relating to the Transaction received on March 23, 2022, the Company added additional sales persons and the Head of Global Sales and Partnerships.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

Lastly, over the third and fourth quarter of fiscal 2022, stock based compensation expense amounted to \$823,493, while in the previous year, stock based compensation expense equated to \$413 as discussed elsewhere in the MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Short-term debt

On June 9, 2021, the Company entered into a short-term loan agreement with related parties which would see \$210,000 advanced to the Company with a maturity date of March 31, 2022. The interest rate laden on the debt is 14% compounding quarterly which increases to 16% should the loan not be repaid by the maturity date.

During the year ended June 30, 2022, an additional \$482,500 was loaned to the Company under the same terms for a total amount of \$692,500 in short-term debt.

On October 31, 2021, certain shareholders identified as related parties converted \$292,500 of short-term debt into common shares at a fair value of \$0.25 per share [*note 9*]. In addition to this, \$20,455 of interest incurred on the \$292,500 short-term debt was forgiven and recognized as contributed surplus.

In connection with the terms of the Amalgamation Agreement on March 23, 2022, \$200,000 of short-term debt was converted into units of Sparx Privco with at a fair value of \$0.25 per share [*note 9*]; which were immediately exchange for units in the Company. In addition the remaining principal of \$200,000 was repaid to the lenders. The interest incurred on the short-term debt was forgiven by the lenders and recognized as contributed surplus at an amount of \$28,657.

During the year ended June 30, 2022, the Company incurred interest of \$49,112 (2021 - \$1,307).

Convertible debenture

On February 3, 2020, the Company entered into a convertible debenture agreement for \$250,000 USD or \$319,793 CAD that was laden with 12% interest rate per annum, compounding quarterly. The maturity date for the convertible debenture agreement was February 3, 2022, and contained conversion rights which would see the debt convert to common shares of the Company automatically upon a liquidity event. As the conversion price per share terms in the agreement have provided the convertible debenture holder the same price as non-debenture holders, no equity portion has been assigned to the convertible debenture instrument.

On October 31, 2021, the convertible debenture holder agreed to stop accruing interest on the owed amounts effective on that date. The total amount of debt including interest at this time was \$337,082. Prior to the completion of the Transaction on March 23, 2022, the principal and interest accrued on the convertible debenture was converted into 1,348,329 common shares in the Sparx Privco at a fair value of \$0.25 per common share.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

	\$
Balance, June 30, 2020	–
Convertible debenture issuances	319,793
Foreign currency gain	(9,943)
Interest accrued	16,465
Balance, June 30, 2021	326,315
Foreign currency gain	(1,900)
Interest accrued	12,667
Converted into common shares [note 9]	(337,082)
Balance, June 30, 2022	–

Interest incurred on the convertible debenture for the year ended June 30, 2022, is \$12,667 (2021 – \$16,465).

Long-term debt

	Interest rate	Maturity	June 30, 2022	June 30, 2021
	%		\$	\$
Current interest-bearing loans				
Secured notes*	14-16	August 7, 2020	–	100,000
Total current interest-bearing loans			–	100,000
Long-term interest-bearing notes				
Secured notes	14	July 23, 2023	60,000	–
Total interest-bearing loans			60,000	100,000
Total interest on current interest-bearing loan			4,996	49,955
Total interest on interest-bearing loans			4,996	49,955

Government loans payable

During the year ended June 30, 2020, the Company obtained loans from both the Canadian and United States governments as part of the Canada Emergency Business Account (“CEBA”) program and the Paycheck Protection Program (“PPP”), respectively.

As at June 30, 2022, the Company had borrowed \$60,000 as part of the CEBA program (June 30, 2021 - \$60,000). The loan may be repaid at any time without notice or penalty. If the 75% of outstanding balance is repaid on or before December 31, 2023, the remaining 25% of the loan may be forgiven. The amount is non-interest bearing prior to January 1, 2024. On January 1, 2024, interest will accrue on the balance of the loan at a rate of 5% per annum, payable monthly on the last day of each month. The loan payable is due and payable on December 31, 2025.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

During the year ended June 30, 2021, a \$27,000 portion of the CEBA loan obtained and was measured at the fair value of \$13,513 using an effective rate of 40% with the difference between values being recognized as government grant income. The remaining \$33,000 portion of CEBA loan was measured at the fair value of \$13,595 on the date of issuance using an effective rate of 40%. The difference between the fair value and the face value of the loan has been recognized as government grant income during the year ended June 30, 2021.

During the year ended June 30, 2020, the amount borrowed from the US government amounted to \$127,787 USD or \$180,052 CAD, bore an interest of 1.00% and matured May 14, 2022. As part of the PPP the loan may be partially or fully forgiven based on the program's forgiveness criteria. The Company measured the fair value of the loan on the date of issuance to be \$68,281 USD or \$96,207 CAD using an effective rate of 40%. The difference between the fair value and the face value of the loan has been recognized as government grant income during the year ended June 30, 2020.

On April 12, 2021, the Company was notified that \$126,788 USD was forgiven with the remaining debt \$999 USD to be repaid by May 14, 2022. On October 25, 2021, the remaining balance was repaid by the Company. As at June 30, 2022 \$nil was outstanding in relation to the PPP loan (2022 - \$802 USD or \$995 CAD).

The changes in the government loans payable is as follows:

	\$
Balance, June 30, 2020	113,870
Debt received	27,000
Government grant portion of debt	(13,513)
Interest accretion	38,745
Foreign currency gain	(9,970)
Forgiveness	(119,456)
Balance, June 30, 2021	36,676
Interest accretion	13,815
Repayment	(799)
Balance, June 30, 2022	49,692

Liquidity Outlook

The Company continues to use the cash raised in the Concurrent Financing to develop its sales and marketing strategy, increasing the Company's sales team and further develop its platform. As other opportunities become available for the Company to expand through further capital investment in the Company's platform our through acquisitions, the Company may be required to complete additional financing. The Company's cash position is highly dependent on its ability to raise cash through financings.

The outlook is based, among other factors, the Company's current financial position and future sales prospects. At this time, the Company does not operate at a profit and does not generate net cash inflows.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

Prior to the completion of the 2022 calendar year, the Company will require capital through investment or the acquisition of debt or other forms of raising capital. The Company's ability to raise additional funds is dependent on many factors, such as the health of the technology market, the Company's financial records, market conditions and the experience and calibre of its management. Management believes it will be able to raise equity capital as required in the short and long-term but recognizes that there will be risks involved which may be beyond its control.

CASH FLOWS

Analysis of cash flows

	June 30, 2022	June 30, 2021
	\$	\$
Cash used in operating activities	(1,841,566)	(1,110,763)
Cash provided by investing activities	18,591	(1,590)
Cash provided by financing activities	2,671,500	1,046,202
Net foreign exchange difference	(13,241)	32,803
Net increase (decrease) in cash	835,284	100,552

Operating activities

During the year ended June 30, 2022, the cash used in operating activities by the Company amounted to (\$1,841,566), compared to (\$1,110,763) for the year ended June 30, 2021. The Company incurred a (\$4,463,552) loss during the year ended June 30, 2022. This loss was offset by material non-cash income impacting items such as the listing expense which directly relates to the listing expense discussion in Note 3 in the June 30, 2022 consolidated financial statements and the stock based compensation issued during the final two quarters of the 2022 fiscal year discussed elsewhere in this MD&A. With the exception of an immaterial balance of \$413 of stock based compensation during the year ended June 30, 2021, these items were unique to this fiscal year. The Company's changes in working capital incurred changes can be attributed to the timing of payments of account payable and accrued liabilities, receipt of accounts receivable, payment of accrued vacation and backpay and the timing of the completion of revenue projects where cash had been received prior to the completion of the project amongst other changes.

Investing activities

Investing activities that saw a cash inflow of \$18,591 during the year ended June 30, 2022, compared to a cash outflow of (\$1,590) for the same period in 2021. This cash inflow is directly attributable to the cash acquired in the Transaction, net of the addition of equipment during the period, which is consistent with equipment purchased in 2021.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

Financing activities

During the year ended June 30, 2022, the cash provided by financing activities amounted to \$2,671,500 compared to \$1,046,202 for the year ended June 30, 2021. The increase is attributable the following:

- Cash raised from the issuance of shares, net of any issuance costs amounted to \$2,479,754 for the year period ended June 30, 2022, versus \$1,121 for the same activity for the year ended June 30, 2021.
- Proceeds from a convertible debenture and from government grants were \$319,793, for the year ended June 30, 2021, while this activity did not take place during the same period in 2022.
- The Company repaid \$149,955 in long-term debt and interest and obtained \$60,000 in long-term debt during the year ended June 30, 2022, while in the same period in 2021, obtained \$481,500 in long-term debt.
- The Company repaid \$200,000 and acquired \$482,500 short-term debt during the year ended June 30, 2022 while in the same period in 2021, obtained \$210,000 in long-term debt.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

SHARE CAPITAL HIGHLIGHTS

Issued and outstanding:

For the year ended June 30, 2022, the Company issued the following common shares:

On October 31, 2021, the Company converted \$292,500 of short-term debt in Sparx Privco common shares at a fair value of \$ 0.25 per share for a total of 1,170,000 common shares

On March 23, 2022, former Sparx Privco security holders received 52,000,000 replacement common shares of the Company in exchange for common shares in Sparx Privco. On the date of the share exchange, March 23, 2022, Sparx Privco had 75,343,695 common shares outstanding. The exchange ratio in reference to this share exchange was 0.6901.

On March 23, 2022, prior to the closing of the Transaction, the convertible debenture converted into 1,348,329 common shares, post-consolidation, at a fair value of \$0.25 per share.

On March 23, 2022, \$200,000 in short-term shareholder loans were converted into common shares of the Sparx Privco at \$0.25 per share. In addition to the shares issued, the shareholders received 400,000 share purchase warrants, with each share purchase warrant exercisable at \$0.35 per share until March 23, 2023, which has been allocated a value of \$nil under the residual value method.

On March 23, 2022, upon completion of the Transaction, the 10,616,000 Subscription Receipts issued in the Concurrent Financing, were automatically exchanged for units of Sparx Privco which were immediately converted into units of the Company ("Resulting Issuer Units") for no additional consideration, and the

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

gross proceeds of \$2,654,000 were released to the Company. Each Resulting Issuer Unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional common share at a price of \$0.35 per common share until March 23, 2023, subject to acceleration under certain circumstances. Share issuance costs consisted of cash commissions of \$107,600, share issuance related expenses of \$44,921 and finder's warrants with a fair value of \$33,381. The fair value of the finder's warrants are discussed later this Note 9.

On March 23, 2022, a finder's fee of 1,558,000 common shares of the Company with a fair value of \$0.25 per share was paid in connection to the Transaction.

Following closing of the Transaction, the Company had a total of 73,102,329 common shares issued and outstanding, including an aggregate of 51,153,004 common shares, which are subject to escrow. 2,400,000 of the escrowed common shares are subject to a CPC Escrow Agreement, with 25% released on March 23, 2022, and 25% every six months thereafter, and 48,753,004 are subject to a Surplus Escrow Agreement, with 5% released on each of March 23, 2022, and September 23, 2022, 10% released on each of March 23, 2023, and September 23, 2023, 15% released on each of March 23, 2024, and September 23, 2024, and 40% released on March 23, 2025. An additional 4,546,809 common shares are subject to additional pooling restrictions, with 10% released on March 23, 2022, and 15% every six months thereafter.

As at June 30, 2022, an aggregate of 48,475,354 common shares are subject to escrow, and 4,092,128 common shares are subject to pooling.

For the year ended June 30, 2021, the Company issued the following common shares:

During the year ended June 30, 2021, the Company issued 595,376 common shares in exchange for \$86.

Further the Company issued 11,075,883 shares with a fair value of \$1,605 pursuant to the conversion of long term and accrued interest (see note 6) and 7,155,267 common shares at a fair value of \$1,448 in exchange for proceeds of \$1,035 in connection to exercising of stock options which is discussed within this Note 9.

Stock options

On February 5, 2021, the Company adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

During the year ended June 30, 2022, the Company issued 4,650,000 share options with a weighted exercise price of \$0.25 all of which 4,547,500 have vested. The share based compensation expense recognized in relation to these share options for the year ended June 30, 2022, was \$823,493.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
 Management's discussion and analysis
 For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

Also included in the stock options issued by the Company are 678,000 Existing Options and 240,000 Existing Agent Options recognized as a Listing fee expense.

For the year ended June 30, 2021

During the year ended June 30, 2021, the Company issued 10,367,391 share options, with an exercise price of \$0.0001 all of which vested immediately and were exercised prior to June 30, 2021. The share based compensation expense recognized in relation to these share options for the year ended June 30, 2021 was \$413.

OUTSTANDING SHARE DATA

Common shares

The authorized capital of the Company consists of an unlimited number of common shares without part value. As of the date of this MD&A, the Company had 73,102,329 common shares outstanding.

Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price \$
Balance, June 30, 2021	–	–
Issued with Concurrent Financing	5,308,000	\$0.35
Issued with conversion of shareholder loans	400,000	\$0.35
Balance, June 30, 2022	5,708,000	\$0.35

Agent Options and Finders' Warrants

	Number of Options	Weighted average Exercise Price \$
Balance, as of June 30, 2021	–	–
Granted	430,400	0.35
Issued in exchange for ECC3 agent warrants	240,000	0.0833
Balance, June 30, 2022	670,400	0.25

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

Stock options

	Number of Options	Weighted Average Exercise Price \$
Balance, June 30, 2021	–	–
Granted	4,650,000	\$0.25
Granted in exchange for Existing Options	678,000	\$0.0833
Balance, June 30, 2022	5,328,000	\$0.23

RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

Compensation of key management personnel of the Company for the year ended June 30, 2022, and 2021, is as follows:

	2022 \$	2021 \$
Short-term employee benefits	206,663	224,502
Share based compensation	585,497	310
Professional fees	86,668	8,100
	878,828	232,912

Compensation of key management personnel included within accrued vacation as at June 30, 2022 is \$14,812 (June 30, 2021 - \$13,057). Included within accounts payable and accrued liabilities is \$19,346 due to key management personnel (June 30, 2021 - \$100).

FINANCIAL RISK MANAGEMENT AND POLICIES

The risk exposure arising from these financial instruments is summarized as follows:

- (a) Credit risk - The Company's financial assets exposed to credit risk are trade receivables and cash. The Company's maximum exposure to credit risk, as at period end, is the carrying value of these financial assets, being \$1,040,671 (June 30, 2021 - \$146,089) is exposed against credit risk. To

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

mitigate this risk the Company holds its cash in bank accounts with a highly rated financial institution, therefore minimizing the risk. The Company only enters into business dealings with reputable customers to ensure any credit related to non-payment of accounts receivable is mitigated. The Company has not recognized an estimated credit loss expense during the period. All amounts receivable as at year end have been subsequently collected.

- (b) Liquidity risk - The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The liquidity of the Company and satisfaction of liabilities is contingent upon the completion of the Transaction. Refer to Note 1 for the Company's strategy regarding its ability to operate as a going concern.
- (c) Market risk - Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have primarily been transacted in Canadian and United States. Both of which are in stable markets.

Foreign currency risk – Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company minimizes this risk by not entering into long-term commitments in foreign currency that may leave the Company exposed to fluctuations in the foreign currency in both the Parent company and its subsidiaries.

Capital management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of common shares, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to continue the growth of the Company.

SUBSEQUENT EVENTS

On July 11, 2022, the Company's common shares began trading on the OTCQB Venture Market exchange under the ticker symbol "STCXF".

PROPOSED TRANSACTIONS

The Company has no undisclosed proposed transaction as at June 30, 2022 or at the date of this MD&A.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

SIGNIFICANT ACCOUNT POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from these estimates. Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The critical accounting judgments within the financial statements remain the same as those applied to the last annual financial statements.

GOING CONCERN

The Company's consolidated financial statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2022, the Company has not yet achieved profitable operations. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing and achieving profitability in order to meet the Company's commitments as they come due and to finance future development of the Company's platform and potential acquisition targets. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which may differ materially from their carrying values. The interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

The economic uncertainty related to the outbreak of COVID-19 and the declaration of a pandemic by the World Health Organization in March 2020 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. In response to the economic conditions caused by the pandemic, governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize the economy. The duration and impact of the COVID-19 outbreak, and the efficacy of the government and central bank interventions is unknown at this time.

The COVID-19 pandemic has adversely affected workforces, economies, and financial markets globally, while it has caused severe disruptions to the sports and media industries where the Company earns a significant share of its revenue. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business

RISK FACTORS

The Company is exposed to many risks and uncertainties including, among other factors, the following:

a) COVID-19

The Company may face risks related to COVID-19, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. In November 2019, a novel strain of the coronavirus emerged in China, and the virus has now spread globally, including to Canada, resulting in a global pandemic. The extent to which COVID-19 will impact the Company's business, including its business and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the COVID-19 outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business, including, without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of its business. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, a significant outbreak of COVID-19 could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Company's future prospects.

b) Reliance on key customers

Although the Company has a favorable breadth of customers that use the Company's platform, the Company up relies on large corporations and select sporting broadcast companies to continue to use their platform in order to achieve current and future success. Should the Company lose key customers to alternative technology or competitors there would be a detrimental impact to the business.

c) Additional financing

The Company will require additional equity and/debt financing in order to execute the Company's growth strategy and may issue equity securities to finance its activities, including to finance acquisitions. If the Company were to issue additional common, existing holders of such shares may experience dilution in the Company. Moreover, if the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be materially adversely affected.

d) Management of growth

The execution of Sparx's growth strategy has significant dependence placed on managerial, financial and human resources. The dependency of Sparx's ability to growth is dependent on a number of factors, including the availability of capital, existing and emerging competition and the ability to recruit and train additional qualified personnel. Moreover, as the Company's business grows, the Company will need to devote additional resources to improving its operational infrastructure and continuing to enhance its scalability in order to maintain the performance of its business.

e) Uncertainty and adverse changes in the consumer viewing habits and technology

The success of the Company is contingent on the demand and viewership of live events being maintained. While the viewership of live events have not been adversely impacted to the same degree as traditional television programming over the last decade, should consumer viewing habits shift away from viewing live events, demand for the Company's platform may decrease. Further, as consumers gravitate towards non-live streaming options, the Company will be forced to incorporate their platform to reconcile with their client's streaming platforms.

f) Ability to attracts new customers, retain revenue from existing customers and increases revenue to both new and existing customers

To achieve profitability and increase revenues, the Company must obtain regularly obtain new customers or increase the scope of services provided to existing customers. There are a variety of factors that may impede these efforts including ineffective marketing campaigns, inability to convert potential that have been referred to the Company through the Company's network, lack of perceived value of the Company's platform by potential customers or the Company being unable to attract and retain sales and marketing personnel.

g) Competitive conditions

As the market premium for live events continues to increase, the broadcasters of these events will look to look for ways to interact with viewers in order to create a more memorable experience for their customers. As such, new entrants and current companies within the market will continue to create and refine technology for broadcasters to reach their viewers. The increase in market entrants will decrease the market share for the group which may have an adverse impact on the Company's operations. The creation or refinement of current technology that broadcasters view as more cost efficient or superior to the Company's platform will also impact the Company adversely.

As a result of the foregoing, among other factors, the Company will have to continually introduce and successfully market new and innovative technologies, product offerings and product enhancements to remain competitive and effectively stimulate customer demand, acceptance and engagement. The process of developing new product offerings and systems is inherently complex and uncertain, and new

product offerings may not be well received by customers, even if well-reviewed and of high quality. Furthermore, the Company may not recover the often-substantial up-front costs of developing and marketing new technologies and product offerings or recover the opportunity cost of diverting management and financial resources away from other technologies and product offerings. Additionally, if the Issuer cannot efficiently adapt its processes and infrastructure to meet the needs of its product offering innovations, its business could be negatively impacted.

h) Conflicts of interest

Members of the Company Board may become directors of other companies or have significant shareholdings in other technology companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Company Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and the Company Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Company Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company Board will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Any conflicts will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or transaction of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a Person who has a material interest in a contract or transaction with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

i) Share liquidity

The Company cannot predict at what prices the Company's shares will trade, and there can be no assurance that an active trading market in the Company's shares will develop or be sustained. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the price of the Company's shares may be subject to greater fluctuation and may be difficult to sell. There is a significant liquidity risk associated with an investment in the Company's shares.

j) Price Volatility

In recent years, the securities markets in the United States and Canada, and the TSX-V in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values, or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the Company's shares

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows, or earnings.

k) Insurance

The Company expects to maintain certain insurance policies to insure its operations in accordance with the technology industry practice. However, the Company may also elect not to insure against certain liabilities due to high premium costs or for other reasons. Furthermore, although the Company expects to maintain insurance against such claims and in such amounts, it considers adequate, there is no assurance that such insurance policies will be sufficient to cover each and every claim or loss involving the Company. If the Company were to suffer an uninsured loss, it could have a material adverse effect on the Company's business, financial condition and results of operations.

l) Safeguarding technology and brands

The Company's success may depend on its ability to obtain trademark protection for the names or symbols under which it markets its product offerings and to obtain copyright protection of its proprietary technologies, other game innovations and creative assets. The Company may not be able to build and maintain goodwill in its trademarks or obtain trademark protection. There can be no assurance that any trademark or copyright will provide competitive advantages for the Company or that its intellectual property will not be successfully challenged or circumvented by competitors.

Source codes for the Company's technology may receive protection under international copyright laws. However, for many third parties who intend to use the Company source codes without its consent, the presence of copyright protection in the source codes alone may not be enough of a deterrent to prevent such use. As such the Company Issuer may need to initiate legal proceedings following such use to obtain orders to prevent further use of the source code.

The Company may also rely on trade secrets and proprietary know-how. Although the Company will generally require its employees and independent contractors to enter into confidentiality and intellectual property assignment agreements, it cannot be assured that the obligations therein will be maintained and honored. If these agreements are breached, it is unlikely that the remedies available to the Company will be sufficient to compensate it for the damages suffered even if it promptly applies for injunctive relief. In spite of confidentiality agreements and other methods of protecting trade secrets, the Company's proprietary information could become known to or independently developed by competitors. If the Company fails to adequately protect its intellectual property and confidential information, its business may be harmed, and its liquidity and results of operations may be materially adversely impacted.

m) Intellectual property infringement or invalidity claims

If the registration and enforcement policies regarding the Company's intellectual property portfolios are inadequate to deter unauthorized use or appropriation by third parties, the value of the Company's brands and other intangible assets may be diminished, and competitors may be able to more effectively mimic its brands, products, services and methods of operations. Such events could adversely affect the Company's business and financial results. At the same time, the Company has to be mindful of how it will be perceived by its customers and potential customers if it deploys an unduly strict enforcement policy; an overly aggressive position may deter its customers from supporting the brands and therefore damage not only the brand's reputation in the marketplace but also negatively impact financial results.

Moreover, due to the differences in foreign patent, trademark, copyright and other laws concerning proprietary rights, the Company's intellectual property may not receive the same degree of protection in each jurisdiction where it operates. The Company's failure to possess, obtain or maintain adequate protection of its intellectual property rights for any reason in these jurisdictions could have a material adverse effect on its business, results of operations and financial condition.

Furthermore, infringement and other intellectual property claims, with or without merit, can be expensive and time-consuming to litigate, and the Company may not have the financial and human resources to defend itself against any infringement suits that may be brought against it. Litigation can also distract management from day-to-day operations of the business.

In addition, the Company's future success may depend upon its ability to obtain licenses to use new marks and its ability to retain or expand existing licenses for certain products. If the Company is unable to obtain new licenses or renew or expand existing licenses, it may be required to discontinue or limit its use of such products that use the licensed marks and its financial condition, operating results or prospects may be harmed.

The Company may also infringe other intellectual property rights belonging to third parties, such as trademarks, copyrights and confidential information. The infringement of trademarks, copyrights and confidential information involve complex legal and factual issues and the Company's products, branding or associated marketing materials may be found to have infringed existing third-party rights. When any third-party infringement occurs, the Company may be required to stop using the infringing intellectual property rights, pay damages and, if it wishes to keep using the third-party intellectual property, purchase a license or otherwise redesign the product, branding or associated marketing materials to avoid further infringement. Such a license may not be available or may require the Company to pay substantial royalties.

If the Company fails to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or requirements, its technology, such as its platforms and offerings, may become less competitive or obsolete.

Sparx Technology Inc. (formerly, ECC Ventures 3 Corp.)
Management's discussion and analysis
For the years ended June 30, 2022, and June 30, 2021
(in Canadian Dollars)

The Company's future success depends on its ability to adapt and enhance its suite of technology and software, such as its platforms, as well as its product offerings. To attract new customers, the Company will need to enhance and improve its platforms, product offerings, features and enhancements to meet customer needs at competitive prices. Such efforts will require adding new functionality and responding to technological advancements or disruptive technologies, such as artificial intelligence, which will increase the Company's research and development costs. If the Company is unable to develop technology and products that address customers' needs or enhance and improve its platforms and product offerings in a timely manner, that could have a material adverse effect on its business, revenues, operating results and financial condition. The Company's ability to grow is also subject to the risk of future disruptive technologies. If new and/or disruptive technologies emerge that are able to deliver online betting and gaming and/or entertainment products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely affect the Company's ability to compete.