



MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the three months ended January 31, 2023

This Management Discussion and Analysis (“MD&A”) is prepared as at March 31, 2023 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended January 31, 2023 and 2022 and the audited consolidated financial statements and related notes for the fiscal years ended October 31, 2022 and October 31, 2021 of OOOOO Entertainment Commerce Limited (“OOOOO”), its 100% owned subsidiary Video Commerce Group Limited (“Video Commerce”), its 100% owned subsidiary Shanghai Oufon Network Technology Co., Ltd. (“Oufon”), its 100% owned subsidiary OOOOO Limited, and its 56.64% owned Fanz Technologies Limited (“Fanz”) (collectively referred to as the “Financial Statements”). Collectively, OOOOO, Video Commerce, OOOOO Limited, Oufon and Fanz referred to as the “Company”.

The Company’s Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”). All figures are in Canadian dollars unless stated otherwise. Additional information relevant to the Company’s activities can be found on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

For the quarter ended January 31, 2023, the Company had a loss of \$576,034 as compared to a loss of \$4,769,970 for the same period of the prior year. As at January 31, 2023, the Company had an accumulated deficit of \$29,318,591 (October 31, 2022 - \$28,743,722) and has generated negative cash flows from operations to date.

The continuation of the Company as a going concern is dependent upon its ability to ultimately attain and maintain profitable operations and raise additional financing if required, which may cast significant doubt upon the Company’s ability to continue as a going concern due to the material uncertainty. Management prepared its Financial Statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. The Company’s consolidated financial statements do not include adjustments to the recoverability and classification on recorded assets and liabilities and related expenses that might be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

Management has applied significant judgement in preparing forecasts supporting the going concern assumption. In arriving at this judgment, management considered the: (i) base of investors and debt lenders historically available; (ii) global capital markets; (iii) historical trends of the Company’s businesses (iv) cash generation and debt amortization levels; and (v) other risks to which the Company is exposed. Directors have reviewed this information provided by management and have considered the information in relation to the financing uncertainties in the current economic climate, the Company’s existing commitments and the financial resources available to the Company.

## **NON-IFRS FINANCIAL MEASURES**

This MD&A makes reference "Adjusted EBITDA" which are non-IFRS measures. "Adjusted EBITDA" is defined as net income or loss, excluding interest expense, income tax expense or recovery, depreciation and amortization, share-based compensation, impairment loss, fair value loss on convertible loan and listing expenses and is used by management as a supplemental

measure to review and assess operating performance and trends on a comparable basis. These measures are not recognized measures under IFRS, and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Management uses these non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. As required by Canadian securities laws, the Company reconciles these non-IFRS measures to the most comparable IFRS measures in this MD&A. For definitions and reconciliation of these non-IFRS measures to the relevant reported measures, see "Non-IFRS measures".

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains certain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its projections or estimates about its future business operations, its planned expansion activities, the adequacy of its financial resources, and future economic performance. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". Examples of forward-looking statements included in this MD&A include, but are not limited to the Company's expectation that existing and new partnerships will continue to drive revenue growth in the future, the expected launch date for Fanz and the markets it will target, the Company's new software development kit. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the Company's future debt levels, the ability to complete and launch new products on time and on budget, the ability to effectively market the Company's products and services, the general health of capital markets and the Company's ability to obtain satisfactory financing on acceptable terms. Additionally, readers should review the factors discussed in the section "Risk Factors" herein and those risk factors disclosed in other publicly available documents filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com), including the Company's filing statement dated March 10, 2021. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as

anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are advised to consider such forward-looking statements considering the risks set forth in the Risks section of this MD&A. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws. The Company continues to monitor the impact of the COVID-19 pandemic on our business, our industry and the broader economy. At this time, the Company cannot reasonably estimate the duration or severity of the economic impact to our users and merchant partners caused by the restrictions on daily life to curb the spread of COVID-19, or the ultimate impact on the Company's operations and liquidity.

## **1. BUSINESS OVERVIEW**

OOOOO Entertainment Commerce Limited (the "Company"), through its subsidiaries, OOOOO limited, Video Commerce Group Limited ("Video Commerce"), Fanz Technologies Limited ("Fanz") and Shanghai Oufon Network Technology Co., Ltd. ("Oufon") licenses a software platform that enables retailers, brands and entrepreneurs to share product-based opinions directly to consumers through live, interactive, shoppable videos. The OOOOO video marketplace software can be delivered to end customers via a native app (iOS, Android) or through mobile web. The Company's registered office is Suite 1000, 925 W Georgia Street, Vancouver, British Columbia, Canada V6C 3L2.

The Company has two distinct technology offerings:

- The first offering is a full video commerce solution, which can be branded to suit a partner with suitable language and currency and has been used in UK, Brazil, Italy and the Middle East;
- The second offering is a lighter, web-based commerce solution that allows partners to crowd source video content by approved creators, and capture sales on their own commerce platforms.

The Company's corporate strategy is focused on marketing these two technology solutions globally and monetizing the assets of the company through licensing its software to specified territories.

## **2. BUSINESS UPDATES**

### ***Full video commerce solution – OOOOO app***

In late 2020, the Company launched a technology platform branded as "OOOOO" that enables retailers, brands and entrepreneurs to share product-based content directly to consumers through live, interactive, shoppable videos. The platform also offers gamification and social features which

reward the community for helping to grow the user base, reducing the need for traditional ad networks.

#### *OOOOO app in the UK*

The OOOOO app was live in the UK for 15 months and the Company partnered with many leading UK retailers including Boohoo, JD Sports, I Saw It First, Look Fantastic. To support the operation of the OOOOO app in the UK, the Company operated live commerce studios with video production staff, technology, and presenters to create content for partners. The experience of running live studios in the UK allowed the Company to add many new features to the technology to refine the user experience.

In early 2022, due to the combination of high costs associated with running the studio and much lower revenue generated than expected, the Company decided to close the OOOOO app in the UK and shut down the studio to focus the efforts of the company on licensing the technology to other commerce companies and retailers who were interested in launching a video commerce application.

#### *OOOOO app with partnership*

In May 2021, the Video Commerce partnered with e-commerce company B2W – Companhia Digital ("B2W"), for the launch of OOOOO's technology and platform in Brazil for one-year initial term. In July 2022, the initial one-year partnership was paused because B2W prioritized some other initiatives at this moment and hoped to resume the project at an opportune time. During the initial term, the app had approximately 406,000 downloads and secured an average user rating of 4.4 out of 5.0.

In December 2021, Video Commerce partnered QVC Italia SRL ("QVC Italia") launching likeQ app, which offered a unique livestream shopping experience for Italian shoppers that's available anytime, anywhere, with lively, entertaining content and fast, easy purchasing. In August 2022, QVC Italia decided to discontinue the likeQ app and re-focus QVC Italia's energies into its core business. During the partnership, the app secured an average user rating of 4.6 out of 5.

In April 2022, the Company signed a license agreement with Fourth Taken Holding Ltd ("4<sup>th</sup> Taken"), a venture builder in the live e-commerce and retail sector, conducting such business activities through its wholly owned subsidiary-Mojo. Pursuant to the agreement, OOOOO licenses the OOOOO software to 4<sup>th</sup> Taken exclusively for a number of countries in the Middle East and non-exclusively for others in exchange for US\$180,000 and 5% equity interest in 4<sup>th</sup> Taken. In June 2022, 4<sup>th</sup> Taken completed a fund raising of US\$1.5 million by Simple Agreement for Future Equity from the region and beyond.

In November 2022, the Company signed a binding memorandum of understanding (the "MOU") with Qglobe Inc. ("QGlobe"), a private technology company, to launch a social commerce platform for the global gaming community, called "Tilted". QGlobe intends to use the OOOOO technology platform to connect the global gaming audience by short videos and live broadcasts that are connected to physical and digital assets that can be purchased. The Company will grant a perpetual,

royalty-free, worldwide license to QGlobe with respect to the Company's Software on an exclusive basis for the gaming industry, in consideration for a 30% equity interest in the new company.

### ***Web-based commerce solution***

In July 2022, Video Commerce signed a license agreement with Shiller, Inc. ("Shiller"), a private technology company located in the US. Shiller is working to launch a web-based live video and audio technology platform to enable the marketing of digital assets ("Shiller app"). One of Shiller's co-founders is an American music artist, media personality and entrepreneur. In November 2022, Shiller signed a referral agreement with Rarible, a leading community-centric aggregated NFT marketplace. Shiller app is expected to launch in May 2023.

Pursuant to the license agreement and in exchange for a 20% equity interest in Shiller, OOOOO has agreed to grant a perpetual, royalty-free, worldwide license to Shiller over OOOOO's software for the purposes of marketing the software on an exclusive basis, in its field of business.

### ***Fanz***

In March 2022, the Company launched a football (soccer) based community called Fanz.com, through its controlled subsidiary Fanz Technologies Limited ("Fanz"), targeting the global soccer audience. Fanz have designed and launched soccer based non-fungible tokens (the "NFT"), sold on the Fanz website and also on Opensea.io. During the year ended October 31, 2022, Fanz raised a total of \$2,008,537 excluding issuance cost by issuing 765,483 Fanz's ordinary shares to arm-length parties. After the shares' issuance, the Company's ownership of Fanz reduced to 56.64% from 100%.

Fanz relied on third-party providers of software and infrastructure to run its NFTs and wallets, which increased the likelihood that Fanz could be a target of cyber surveillance or a cyber-attack from cyber criminals and industrial competitors.

In October, the management decided to temporarily wind down Fanz for cost reduction on the ground that the wallet got hacked and the NFT space had a bad summer period and projects in sport started to slow down.

### **SUBSEQUENT EVENTS**

On February 14, 2023, Video Commerce engaged a legal firm sending a legal letter disputing the Contractual Claim raised by QVC Italia SRL with respect to unpaid invoices of \$249,682 (€176,366) on January 23, 2023, and a formal letter before action in relation to an apparent breach of confidence and breach of contract by those entities (the "Breach of Confidence Claim"). The Company's legal counsel is of the view that there is a reasonable prospect of success in the Breach of Confidence Claim. If Video Commerce succeeds in the Breach of Confidence Claim, it would result in an award of damages for losses and the likely level of damages which would be sought by and be awarded to Video commerce at the trial of the Breach of Confidence Claim far outweighs the value of the Contractual Claim. No amount has been recorded in the Company's Financial Statements due to the uncertainty of such contingent gain.

Since the Company was not able to file its annual financial statements and accompanying management’s discussion and analysis for the year ended October 31, 2022 (the “Annual Filings”) by February 28, 2023, as a result of transition from the Company’s former Chief Financial Officer to the Company’s current Chief Financial Officer incurred in December 2022 and the greater than expected work associated with the Company’s foreign subsidiaries, the Company applied for, and was granted, a management cease trade order by the British Columbia Securities Commission on March 1, 2023 (the "MCTO"). On March 21, 2023, the MCTO was lifted following the filing, on March 21, 2023, of the Company's Annual filings.

## OVERALL PERFORMANCE

The Company’s revenues for the quarter ended January 31, 2023 was \$nil as compared to \$116,795 for the same period of the prior year, which was mainly generated from the Company's partnership with TikTok.

The Company had a net loss of \$576,034 for the quarter ended January 31, 2023 as compared to a loss of \$4,769,970 for the same quarter of the prior year. The decrease of \$4,193,936 in loss was driven by the decline in operating loss of \$4,155,767 and the increase in other income of \$36,572.

Adjusted EBITDA for the quarter ended January 31, 2023 totalled negative \$477,291 as compared to Adjusted EBITDA of negative \$ 3,379,441 for the same quarter of the prior year.

## DISCUSSION OF OPERATIONS

### *Revenue*

The Company did not generate any revenue for the quarter ended January 31, 2023 as compared to \$ 116,79 of revenue for the same quarter of the prior year, which was mainly generated from the partnership with TikTok. In early 2022, the Company closed its business related to the collaboration services and shut down the studio in the UK to focus the efforts of the company on licensing the technology to customers which conduct live e-commerce business. There was no software licencing incurred in the first quarter of the fiscal yare 2023.

### *Expenses*

	Three months ended January 31, 2023	Three months end January 31, 2022	QOQ change
	\$	\$	
Selling and marketing expenses (“S&M”)	58,497	627,724	(91%)
General and administrative expenses (“G&A”)	413,554	2,803,048	(85%)
Accretion expense	45,422	51,240	(11%)
Foreign Exchange loss	(3,610)	14,224	(125%)
Share-based compensation	48,776	1,171,000	(96%)
Amortization and depreciation	49,967	217,932	(77%)
	612,606	4,885,168	(87%)

Operating expenses decreased by 87% to \$ 612,606 for the quarter ended January 31, 2023 compared to \$4,885,168 of the same quarter of the prior year. The decrease of \$ 4,272,562 was mainly due to the decrease in G&A expenses, S&M expenses, amortization and depreciation, and share-based compensation.

For the quarter ended January 31, 2023, the decrease of \$1,122,224 in share-based compensation from \$1,171,000 in the same quarter of the prior year was mainly due to 5,312,077 restricted share units (“RSUs”) granted on October 8, 2021 (2,109,423 RSUs were cancelled on October 5, 2022) under the Company’s long-term performance incentive plan; while 1,048,138 RSUs were granted on October 8, 2022.

For the quarter ended January 31, 2023, amortization and depreciation was decreased to \$49,967 by \$167,965 from \$217,932 for the same quarter of the prior year. The decrease was mainly due to leasehold improvement and Domain names were impaired to \$nil as at October 31, 2022, there was no amortization and depreciation for the impaired leasehold improvement and Domain names of this quarter.

#### *General and administrative expenses*

G&A expenses totaled \$413,554 in the quarter ended January 31,2023, a \$2,389,494 (85%) decrease from \$4,885,168 of the same quarter of the prior year, and the decrease was mainly attributable to the reduction in consulting fees, IT expenses, salaries and benefits, and research and development.

The details of G&A expenses are as below:

	Three months ended January 31, 2023	Three months end January 31, 2022	QOQ change
	\$	\$	
Consulting fees	89,733	554,473	(84%)
Insurance	1,561	12,067	(87%)
Investor relations	-	92,890	(100%)
IT Expenses	(18,503)	159,826	(112%)
Office and general	44,916	204,250	(78%)
Professional fees	106,026	183,300	(42%)
Short-term rent	-	109,356	(100%)
Salaries and benefits	139,840	925,813	(85%)
Research and development	48,036	455,320	(89%)
Travel and entertainment	1,945	105,753	(98%)
	413,554	2,803,048	(85%)

Starting from the second quarter of the fiscal year 2022, the Company changed its business strategy to focus on licensing its technology to customers who conduct e-commerce; and as a result, the Company commenced to take extensive cost control measures to reduce its operating costs, such as layoff, termination of the leased property in Oufon, shutdown of OOOO app and the Studio in the UK. In addition, when the Company licenses its technology, any changes and updates to customize the company’s software for a specific customer are at the cost of the customer. Starting from the first quarter of fiscal year 2023, the Company has run its business at minimum costs.

### *Selling and Marketing expenses*

S&M expenses totaled \$58, in the quarter ended January 31, 2023, a \$569,227 (91%) decrease from \$ 627,724 of the same quarter of the prior year and the major declines arose from expenditures on advertising and marketing, studio costs and product samples.

The details of S&M expenses are as below:

	Three months ended January 31, 2023	Three months end January 31, 2022	QOQ change
	\$	\$	
Advertising and marketing	58,327	480,678	(88%)
Creators commission	-	1,488	(100%)
Studio costs	170	100,022	(100%)
Postage, freight and courier	-	5,174	(100%)
Product samples	-	36,678	(100%)
Other selling expenses	-	3,684	(100%)
	58,497	627,724	(91%)

During the quarter ended January 31, 2023, Advertising and marketing fees were reduced by \$ 422,351 and studio costs were reduced by \$99,852 as compared to the quarter of the previous fiscal year due to the fact that the Company changed its focus - licensing its technology worldwide rather than actively running its UK based video commerce technology platform starting from the second quarter of fiscal year 2022, which also led to the reduction of product sample costs.

### *Other income*

During the quarter ended January 31, 2023, the Company received a sublease rent of \$35,672 (equivalent to £22,500) and recorded as other income. VCG entered into a sublease arrangement in October 2022 to lease out the first floor of its leased property in Manchester starts from November 1, 2022, and the lease term is on month-to-month basis with a monthly rent payment at the amount of £7,500 plus tax.

### *Net Loss and Comprehensive Loss before non-controlling interest (“NCI”)*

For the quarter ended January 31, 2023, net loss and comprehensive loss before NCI was \$576,034 and \$580,063, respectively, as compared to \$4,769,970 and \$4,780,425 in the same quarter of the prior year due to the above stated reasons.

### **Adjusted EBITDA**

Adjusted EBITDA, a measure used by management to indicate operating performance, is defined as earnings excluding interest, taxes, depreciation and amortization, share-based compensation and certain non-operating amounts as shown below. Adjusted EBITDA is not a recognized term under IFRS and is not intended to be an alternative either to gross profit or income before taxes as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow available for discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The Company uses Adjusted EBITDA to

supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business than IFRS results alone. Because not all companies use identical calculations, the presentation of Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. Readers should not consider Adjusted EBITDA in isolation or as a substitute for profit (loss) for the period as determined by IFRS, or as a substitute for an analysis of our Financial Statements.

	Three months ended January 31, 2023	Three months end January 31, 2022
	\$	\$
Net loss	(576,034)	(4,769,970)
Adjustments:		
<i>Depreciation and amortization</i>	49,967	217,932
<i>Income tax expenses</i>	-	1,597
<i>Share-based compensation</i>	48,776	1,171,000
Adjusted EBITDA	(477,291)	(3,379,441)

## Summary of Quarterly Results

The following table summarized the Company's quarterly results:

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	31-Jan	31-Oct	31-Jul	30-Apr	31-Jan	31-Oct	31-Jul	30-Apr
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	(6,181)	233,260	7,710	116,795	82,877	6,174	2,012
Operating (income) expenses	612,606	(221,787)	1,751,758	5,277,528	4,885,168	7,506,872	1,921,856	2,530,658
Other income (expenses)	36,572	(198,283)	-	2,477	-	(455,975)	(3,362,717)	-
Net income (loss) before NCI	(576,034)	16,655	(1,518,498)	(5,268,583)	(4,769,970)	(7,758,797)	(6,382,736)	(1,745,898)
Net income (loss)-attributable to shareholders	(574,869)	(36,688)	(1,442,506)	(4,501,997)	(4,769,970)	(7,758,797)	(6,382,736)	(1,745,898)
Loss per share-basic and diluted	(0.01)	0.00	(0.02)	(0.07)	(0.06)	(0.10)	(0.61)	(88.78)
Weighted average number of shares - Basic and diluted	82,088,154	79,659,012	78,885,550	78,831,049	78,773,962	78,760,981	10,386,063	19,766

For the fourth quarter ended October 31, 2022, there was no revenue and the debit \$6,181 was due to the foreign exchange rate using in each quarter different from the average yearly exchange rate; and operating expenses was a recovery of \$221,787 mainly due to the amount of \$ 2,165,627 with respect to share-based compensation being reversed.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's main sources of funding are cash on hand and cash generated from operations along with its ability to raise capital from equity and debt financing.

The Company is subject to risks including, but not limited to, its ability to raise additional funds through debt and/or equity financing to support the Company's development and continued operations, and to meet the Company's liabilities and commitments as they become due.

Cash and cash equivalents totaled \$137,312 as of March 31, 2023, compared to \$452,066 as of October 31, 2022. As of January 31, 2023, the Company had working capital of negative

\$1,521,170 as compared to negative \$1,084,748 as of October 31, 2022, the difference of \$436,422 was mainly because of mix of the decrease in Cash and cash equivalent and increase of trade and other payables.

***Cash used in operating activities***

For the quarter ended March 31, 2023, cash used in operating activities was \$355,316 as compared to cash used in operating activities of \$3,515,576 in the same quarter of the prior year. The decrease of \$3,160,260 was mainly due to the decrease of \$2,876,929 in net loss with the adjustments to cash flows from non-cash items compared to the same quarter of the prior year.

***Cash used in investing activities***

For the quarter ended March 31, 2023, no cash was used in or provided by investing activities as compared to cash used in investing activities of \$ 349,079 attributable from the expenditures on leasehold improvement and office equipment in the same quarter of the prior year.

***Cash provided by financing activities***

For the quarter ended March 31, 2023, cash flows used in financing activities was \$41,242 with respect to payments on lease liabilities, while cash \$79,483 was used in financing activities for the payments on lease liabilities. The decrease was mainly due to the termination of Oufon’s lease incurred in the year 2022.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**TRANSACTIONS WITH RELATED PARTIES**

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits or termination benefits were made during the three months ended October 31, 2023 and 2022. Short-term key management compensation consists of the following:

	Three months ended January 31, 2023	Three months end January 31, 2022
	\$	\$
Consulting fees	72,641	81,469
Salaries	89,641	222,979
Share based compensation	35,602	654,017
	197,884	958,465

As of January 31, 2023, included in the trade and other payable, there was a balance owing to directors and officers of the Company in the amount of \$40,467 (October 31, 2022 - \$20,812).

As of October 31, 2023, included in the accounts and other receivable, there was an unpaid amount of \$60,867 (equivalent to US\$50,000) for subscribing the shares of Fanz by the Company’s CEO,

which was partially offset by the advance from the CEO and the unpaid salary to the CEO; as a result, the Company's CEO owed the Company in the amount of \$10,185 (October 31, 2021 - \$29,371).

The above transactions were entered into in the normal course of operations and were recorded at their exchange amounts established and agreed to between the related parties.

## **FINANCIAL INSTRUMENTS**

### ***Credit Risk***

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalent and accounts and other receivables (excluding tax related receivables). The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To help minimize credit risk, the Company only holds its cash and cash equivalent with chartered Canadian and British financial institutions.

### ***Currency Risk***

The functional currency of OOOOO is Canadian Dollar while the functional currencies of Video Commerce and Oufan Network are Pounds Sterling and Chinese Renminbi. Most of the foreign currency risk is related to US dollar and Canadian dollar funds held in bank with Video Commerce Group Limited. The Company did not hedge its exposure to currency fluctuations. However, it is concluded that the Company is not exposed to significant currency risk considering the amount of US dollar and Canadian dollar funds held in bank with OOOOO Limited as of January 31, 2023.

### ***Interest Rate Risk***

The Company does not hold cash and cash equivalent at variable rates. As a result, the Company is not exposed to significant interest rate risk.

### ***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The Company manages liquidity requirements through frequent monitoring of cash inflows and outflows and preparation of cash flow forecasting. Based on the Company's current level of operations and its present expectations for future periods in light of the existing economic environment, the Company believes that cash flow from operations and flexibility in levels of investment in operating working capital will be adequate to meet its obligations over the next twelve months.

Although the Company believes its actions will result in sufficient liquidity, there can be no assurance that it will be successful or that market conditions or competition will not work to offset its actions. The availability of funding, or other sources of capital, is dependent on capital markets at the relevant time and may not be available on acceptable terms or at all. In the event that debt or equity capital is not available on acceptable terms, or at all, in the future, the Company may need to explore other strategic alternatives.

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Beyond 3 years
	\$	\$	\$	\$	\$
January 31, 2023					
Trade and other payables	1,368,327	1,368,327	1,368,327	-	-
Lease liabilities	1,839,167	2,759,309	285,521	320,533	2,153,255
<b>Total</b>	<b>3,207,494</b>	<b>4,127,636</b>	<b>1,653,848</b>	<b>320,533</b>	<b>2,153,255</b>
October 31, 2022					
Trade and other payables	1,237,270	1,237,270	1,237,270	-	-
Lease liabilities	1,750,030	2,640,836	268,268	303,977	2,068,591
<b>Total</b>	<b>2,987,300</b>	<b>3,878,106</b>	<b>1,505,538</b>	<b>303,977</b>	<b>2,068,591</b>

## CAPITAL MANAGEMENT

The Company's objectives when managing capital are to help ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support its operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in shareholders' equity and debt, net of cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or seek debt financing to help ensure that there is sufficient working capital to meet short-term business requirements.

There were no changes to the Company's approach to capital management during the three months ended January 31, 2023.

## OUTSTANDING SHARE CAPITAL

As of the date of this MD&A, the Company has two classes of shares issued and outstanding. Multiple voting shares are entitled to receive five (5) votes at all meetings of shareholders while Subordinate Voting Shares are entitled to receive one (1) vote at all meetings of shareholders. The following table summarizes the maximum number of shares issued and allotted as of January 31, 2023, October 31, 2022 and as of the date of this MD&A if all outstanding warrants, stock options and RSUs were converted to shares:

	March 31, 2023	January 31, 2023	October 31, 2022
Subordinate Voting Shares	64,755,383	64,755,383	64,755,383
Multiple Voting Shares	17,332,771	17,332,771	17,332,771
	82,088,154	82,088,154	82,088,154
RSUs	1,048,138	1,048,138	1,048,138
Stock options	2,500,000	2,550,000	2,483,333
Fully diluted shares	85,636,292	85,686,292	85,619,625

## **RISK FACTORS**

A comprehensive discussion of risk factors impacting the Company's business, assets and operations is included in the Company's 2022 annual MD&A and in greater detail under the heading "Risk Factors" in the Filing Statement, which have been filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), which risk factors are incorporating by reference into this document and should be reviewed in detail by all readers.