

**EVP Capital Inc.**  
(A Capital Pool Company)

**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2023 and 2022**

## **EVP Capital Inc.**

### **Management's Discussion and Analysis of Financial Results For the Years Ended December 31, 2023 and 2022**

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#### **INTRODUCTION**

The following management discussion and analysis ("MD&A") of the operation, results and financial condition of EVP Capital Inc. (the "Corporation") should be read in conjunction with the audited financial statements and accompanying notes ("Financial Statements") of the Corporation for the years ended December 31, 2023 and 2022. The Financial Statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

The effective date of this MD&A is April 29, 2024. All monetary amounts are reported in Canadian dollars unless otherwise indicated.

For further information on the Corporation reference should be made to the Corporation's public filings which are available on SEDAR.

#### **FORWARD LOOKING STATEMENTS**

***This MD&A may contain "forward looking statements" that reflect the Corporation's current expectations and projections about its future results, including without limitation, the acquisition of assets to qualify as a Qualifying Transaction ("QT") or the possible raising of additional capital. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Corporation's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Corporation's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicate herein. Due to risks and uncertainties, including the risks and uncertainties identified under the heading "Risks and Uncertainties", actual events may differ materially from current expectations. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities regulations.***

#### **CORPORATION OVERVIEW**

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on October 4, 2021. The Corporation was formed for the primary purpose of completing an initial public offering ("IPO") and listing on the TSX Venture Exchange ("Exchange") as a Capital Pool Corporation as defined in Policy 2.4 of the Exchange. The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a QT, as defined under the policies of the Exchange.

The registered address, head office and records of the Corporation is located at 121 King Street West, Suite 2150, Toronto, Ontario M5H 3T9.

The Corporation has not commenced operations. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein within 60 months of listing on the Exchange. Such an acquisition will be subject to the approval of the regulatory authorities concerned and in the case of a non-arms' length transaction, of the majority of the minority shareholders.

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#### **CORPORATION OVERVIEW – continued**

There is no assurance that the Corporation will identify or complete a QT within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Corporation's common shares from trading.

The Corporation's potential acquisition of a QT, recurring operating losses, and working capital needs may require that it obtain additional capital to continue its operation. Such outside capital may include the sale of additional common shares. There can be no assurance that capital will be available as necessary to meet the Corporation's needs or, if the capital is available, that it will be on terms acceptable to the Corporation. The issuances of additional equity securities by the Corporation may result in a significant dilution in the equity interests of its current shareholders.

#### **OVERALL PERFORMANCE**

The Corporation does not have any operations and, until it completes a QT, will not conduct any business other than the identification and evaluation of businesses and assets for potential acquisition.

The net loss and comprehensive loss for the years ended December 31, 2023 and 2022 were \$184,636 and \$27,926 respectively. The net loss and comprehensive loss for the three months ended December 31, 2023 and 2022 were \$57,531 and \$27,867 respectively. The expenses comprised primarily of professional and administrative fees in preparation for the IPO and share-based compensation for the options issued to directors and officers of the Corporation.

#### **SELECTED FINANCIAL INFORMATION**

The following table provides a brief summary of the Corporation's financial operations for the three months and years ended December 31, 2023 and 2022:

	<b>Three months ended December 31,</b>		<b>Years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses	\$57,531	\$27,867	\$184,636	\$27,926
Net loss and comprehensive loss	\$(57,531)	\$(27,867)	\$(184,636)	\$(27,926)
Net loss per share – basic and diluted	\$(0.01)	\$(0.04)	\$(0.03)	\$(0.04)

	<b>As at December 31,</b>	
	<b>2023</b>	<b>2022</b>
Total assets	\$395,946	\$169,903
Total liabilities	\$24,623	\$46,449
Cash dividends declared per share	\$nil	\$nil

This information has been prepared in accordance with IFRS and is presented in Canadian dollars, which is the functional currency of the Corporation.

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#### **DISCUSSION OF OPERATIONS**

The Corporation will not generate revenues until after a QT is completed.

Professional and administrative expenses for the three months and year ended December 31, 2023 were \$60,447 and \$152,591 as compared to \$27,867 and \$27,926, respectively, for the same periods in the prior year. The Corporation incurred expenses mainly related to preparing for and executing the IPO.

For the three months ended December 31, 2023, legal fees were \$31,564, filing fees were \$4,061, and accounting fees were \$21,963 (2022 – \$15,623, \$nil, and \$12,200, respectively). For the year ended December 31, 2023, legal fees were \$80,303, filing fees were \$30,753, and accounting fees were \$41,165 (2022 – \$15,623, \$nil, and \$12,200, respectively).

#### **SUMMARY OF QUARTERLY RESULTS**

The following is a summary of the Corporation's financial results for the most recent eight completed quarters:

	<b>Q4 2023</b>	<b>Q3 2023</b>	<b>Q2 2023</b>	<b>Q1 2023</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q2 2022</b>	<b>Q1 2022</b>
Net loss and comprehensive loss	\$(57,531)	\$(66,191)	\$(14,587)	\$(46,327)	\$(27,867)	\$(53)	\$(6)	\$ -
Basic and diluted loss per share	\$(0.01)	\$(0.02)	\$(0.00)	\$(0.01)	\$(0.01)	\$(53.00)	\$(6.00)	\$ -

#### **LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2023 and 2022, the Corporation had working capital of \$371,323 and \$123,454, respectively.

As at December 31, 2023, the shareholders' equity was \$371,323, which consisted of share capital of \$530,410, options reserve of \$67,005, and accumulated deficit of \$226,092. As at December 31, 2022, the shareholders' equity was \$123,454, which consisted of share capital of \$164,910 and accumulated deficit of \$41,456.

During the year ended December 31, 2023, the Corporation completed the following transactions:

On May 2, 2023, the Corporation authorized the sale and issuance of 545,200 common shares at a price of \$0.05 per share for gross proceeds of \$27,260.

On May 9, 2023, the Corporation entered into an agency agreement with Canaccord Genuity Corp. (the "Agent") to raise gross proceeds of \$460,000 in connection with the Corporation's Initial Public Offering (the "IPO") of 4,600,000 common shares (the "Offering") at a price of \$0.10 per common share (the "Offering Price").

On August 4, 2023, the Corporation completed its IPO and issued 4,600,000 common shares at a price of \$0.10 per Common Share for gross proceeds of \$460,000. After completion of the Offering, the Corporation has 8,545,200 Common Shares issued and outstanding. The Corporation paid the Agent a corporate finance fee of \$15,000 prior to December 31, 2022, which was included in deferred financing costs prior to the IPO and then deducted from share capital upon the IPO completion. The Corporation also paid the Agent's legal fees and other costs and expenses totalling \$71,800 pursuant to the Offering and recorded these costs as share issuance costs and deducted them from share capital.

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#### **LIQUIDITY AND CAPITAL RESOURCES – continued**

In accordance with Policy 2.4 of the Exchange, the proceeds raised from the sale of securities may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation. The Corporation is required to complete its QT on or before 60 months from the date the Corporation received regulatory approval to list its common shares on the Exchange. There is no assurance that the Corporation will be able to identify a suitable business, asset or property as its QT. Furthermore, even if a QT is identified, there can be no assurance that the Corporation will be able to complete the transaction. If the Corporation identifies a QT, it may be necessary for the Corporation to seek additional financing. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings, under terms that would be acceptable for the Corporation.

#### **OFF-BALANCE SHEET TRANSACTIONS**

The Corporation does not have any off-balance sheet arrangements as at December 31, 2023 or as of the date of this MD&A.

#### **TRANSACTIONS WITH RELATED PARTIES**

During the year ended December 31, 2023, 545,200 common shares (2022 – 1,255,560 common shares) were issued at a price of \$0.05 per share to directors, a former director, officers, and companies related to directors or officers of the Corporation.

There was no remuneration paid to key management personnel during the years ended December 31, 2023 and 2022. Other related party transactions during the years ended December 31, 2023 and 2022 were as follows:

- (i) legal fees of \$77,478 (2022 – \$15,271) recorded in professional and administrative expenses with a company controlled by a director of the Corporation,
- (ii) legal fees of \$nil (2022 – \$5,090) recorded in share issuance costs with a company controlled by a director of the Corporation, and
- (iii) accounting fees of \$26,470 (2022 – \$1,700) recorded in professional and administrative expenses with a company controlled by an officer of the Corporation.

All related party transactions were incurred in the ordinary course of business under market terms and conditions comparable to those with unrelated third parties and were measured at fair value.

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#### **CRITICAL ACCOUNTING ESTIMATES**

##### **Use of Judgments and Estimates**

The preparation of the Financial Statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the period. It also requires management to exercise its judgment in the processing of applying the Corporation's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of such estimates and judgments are pervasive throughout the condensed interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates and judgments are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Actual results could differ from these estimates.

Significant areas requiring the use of estimates and judgements include the recoverability of unrecognized deferred income tax assets, the fair value of share-based compensation, and the assessment of going concern.

#### **CHANGES IN ACCOUNTING POLICIES**

The Corporation has not changed its accounting policies during the years ended December 31, 2023 and 2022. A detailed summary of all of the Corporation's material accounting policies is included in the notes to the audited financial statements for the year ended December 31, 2023.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

##### **Capital Management**

The Corporation'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 Corporation includes share capital in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

##### **Cash Restrictions**

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation.

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#### **FINANCIAL INSTRUMENTS**

##### **Recognition**

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

##### **Classification**

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and (ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition).

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

- Cash is classified as an asset at fair value and any period change in fair value is recorded in profit or loss, and
- The subscriptions receivable is measured at amortized cost.
- Accounts payable and accrued liabilities are classified as financial liabilities and measured at amortized cost using the effective interest rate method.

##### **Measurement**

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL (Fair Value Through Profit and Loss) are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

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#### **FINANCIAL INSTRUMENTS – continued**

##### **Measurement**

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statements of financial position.

##### **Risk Exposure from Financial Instruments**

The Corporation's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

##### ***(a) Liquidity Risk***

As at December 31, 2023, the Corporation had accounts payable and accrued liabilities of \$24,623 and cash on hand of \$395,946 to meet its current obligations. As a result, management believes that the Corporation has minimal liquidity risk.

##### ***(b) Credit Risk***

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Management believes that the Corporation has no significant credit risk.

##### ***(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 Corporation's income or value of its holdings or financial instruments. The Corporation's activities have only been transacted in Canadian dollars since incorporation, and in addition, the Corporation carries no interest-bearing debt. As such, management believes the Corporation has minimal market risks facing it at present.

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#### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The following table summarizes the maximum number of common shares outstanding as at December 31, 2023 and as of the date of this MD&A if all outstanding Agents' Options and Stock Options were converted to common shares:

##### **Authorized – Unlimited Common Shares**

	<b>December 31, 2023</b>	<b>As at the date of MD&amp;A</b>
Common shares issued	8,545,200	8,545,200
Stock Options to purchase common shares	460,000	460,000
Agent's Option to purchase common shares	854,520	854,520
<b>Total maximum number of common shares</b>	<b>9,859,720</b>	<b>9,859,720</b>

##### **Escrowed Common Shares Release**

During the year ended December 31, 2023, 3,945,200 of the issued and outstanding common shares of the Corporation were released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release"). An additional 25% will be released on each of the dates which are 6 months, 12 months, and 18 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers of the Corporation prior to completion of the QT must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

#### **LOSS PER SHARE**

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. The diluted loss per share has not been presented as it would be anti-dilutive.

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#### **RISKS AND UNCERTAINTIES**

The Corporation's financial performance is likely to be subject to the following risks and uncertainties:

1. The Corporation has not commenced commercial operations and has no business or assets other than cash. The Corporation has no history of earnings, will not generate earnings to pay dividends until at least after the completion of the QT, and does not intend to pay dividends in the foreseeable future.
2. Until completion of the QT, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential QTs.
3. The Corporation only has limited funds with which to identify and evaluate potential QTs and there can be no assurance that the Corporation will be able to identify or complete a suitable QT.
4. If the Corporation fails to identify a business or assets that warrant acquisition or participation within the time limits set under the policies of the Exchange, the Exchange may de-list the Corporation's common shares from trading.
5. If a QT is completed, there can be no assurance that an active and liquid market for the Corporation's common shares will develop and investors may find it difficult to resell the Common Shares.
6. There can be no assurance that the Corporation will be able to obtain additional financing in the future on terms acceptable to the Corporation or at all.
7. The Corporation's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor to growth and success of the Corporation. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Corporation.