



**AMPD VENTURES INC.  
(formerly E-Gaming Ventures Corp.)**

**Management's Discussion and Analysis**

For the six months ended November 30, 2020 and November 30, 2019

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### Management's Discussion and Analysis

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(Expressed in Canadian dollars)

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#### **GENERAL**

This management discussion and analysis is dated January 25, 2021. The following is a discussion of the financial condition and operations of AMPD Ventures Inc. ("AMPD" or the "Company") for the six months ended November 30, 2020 and of the Company's financial condition, cash flows and results of operations.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended May 31, 2020 and 2019, together with the notes thereto, and unaudited condensed interim financial statements for the six months ended November 30, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited interim condensed financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of January 25, 2021, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Buccaneer's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Management is responsible for the preparation and integrity of the condensed consolidated interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines to ensure transparency and accountability to shareholders.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **BUSINESS HIGHLIGHTS FOR THE THREE-MONTH PERIOD ENDING NOVEMBER 30, 2020**

On September 10, 2020, Anthony Brown was featured on the [CSE TV YouTube Channel](#) discussing the future of high-performance computing and AMPD's role in the transition.

On September 29, 2020, the Company announced the results from an [independent case study](#) conducted by AMD for the AMPD Remote Render solution based on compute nodes with 2nd Gen AMD EPYC™ processors, for Bardel Entertainment. The results of the case study highlighted that the AMD EPYC processors-powered compute nodes have 1.5 to 2 times the processing power compared with Bardel's previous render solution.

On October 2, 2020, CEO, Anthony Brown, moderated a panel on cutting-edge virtual production at the VR/AR Global Summit 2020.

On October 8, 2020, Stockhouse Media released a video interview with Anthony Brown and Steve Read, Head of Studio at Versatile Media on "[How Virtual Production Technologies are Revolutionizing Moviemaking and More.](#)"

On October 26, 2020, the Company entered into a Dealer Agreement with LightVU Inc. through which AMPD is the exclusive reseller of LightVU LED Screen technology to the media and entertainment industry in Canada. This is in line with the company's emphasis on products and services catering to the burgeoning interest in virtual production technologies from existing and potential AVFX customers.

## **AMPD VENTURES INC.**

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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On October 28, 2020, the Company entered into an Advisory Agreement with Prosdocimi Ltd. through which Prosdocimi will provide financial advisory services to the Company.

On October 29, 2020, the Company announced the formal launch of its AMPD Lab initiative with the support of leading technology partners, including Intel and Dell. The AMPD Lab is a state-of-the-art, high-performance cloud and computing test facility, housed within AMPD's DC1 urban data centre in Vancouver, BC. The AMPD Lab enables customers to test existing AMPD products and services, such as the AMPD Remote Render Solution, as well as newer solutions that are still being refined, such as AMPD Virtual Workstations and AMPD High-Speed Storage.

On November 3, 2020, the Company entered into an Independent Contractor Agreement with Mr. Wolfgang Stindl, a games industry veteran who will represent AMPD's products and services, primarily in the European market.

On November 3, 2020, the Company announced it has entered a partnership with Shocap Entertainment Ltd., renowned for its work on live mixed reality performances, through which it is anticipated that the two companies will conduct a number of joint projects and R&D initiatives focused on innovation in virtual production technologies and high-performance computing infrastructure for mixed reality live performances.

On November 11, 2020, an AMPD article ("[\*Meeting the digital need for speed when every millisecond counts.\*](#)") was featured on the Stockhouse website and sent to all Stockhouse subscribers.

On November 26, 2020, the Company held its 2020 Annual General and Special Meeting of Shareholders.

On December 14, 2020, the Company closed the previously announced Private Placement, issuing 4,735,500 Units for proceeds of \$473,550. Each Unit comprised one common share and one-half common share purchase warrant. Each full warrant can be converted to a common share at a price of \$0.15 at any time up to 12 months from the close of the placement. Insiders purchased 2,610,500 Units for proceeds of \$261,050.

### **KEY PERFORMANCE INDICATORS**

Key performance indicators that we use to manage our business and evaluate our financial results and operating performance include new customers, revenues, operating expenses and net income. We evaluate our performance on these metrics by comparing our actual results and normalized results to management budgets, forecasts and prior period performance.

### **DESCRIPTION OF BUSINESS**

AMPD is leading the transition to the next generation of computing infrastructure with state-of-the-art, high-performance computing ("HPC") solutions hosted in more sustainable urban data centres. AMPD is meeting the low-latency requirements of current users in the multiplayer video games and eSports, computer graphics rendering, machine learning and AI, mixed reality, and big data processing fields through a mix of bare metal infrastructure and an upgraded, high-performance cloud offering. AMPD expects this trend will continue to grow into as-yet-uncharted technological developments of the coming decades.

AMPD has partnered with some of the top technology companies in the industry to provide customers with the advanced Cloud and IT Infrastructure solutions.

AMPD was formed on April 8, 2015 under the British Columbia Corporations Act and its wholly owned subsidiary company. AMPD Game Technologies US Inc. ("AMPD US"), was incorporated on May 15, 2017 under the Secretary of State of Washington.

The founders of AMPD have been architecting high-performance computing ("HPC") infrastructure for nearly two decades. At their previous company, Seven Group, the team initially applied their expertise to solutions for banks, governments and academia, and subsequently focused on building out technology infrastructure for digital media

## AMPD VENTURES INC.

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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companies.

AMPD continues to address the needs of these sectors, and is also applying high-performance computing principles to the low-latency requirements of multiplayer video game publishing, as well as the intense computation requirements of digital media production and distribution, where massive amounts of high-performance computing resources are required for the development, rendering and distribution of products. As gaming continues to transition from the basement to the sports arena, AMPD intends to increase its focus on providing infrastructure for latency-sensitive eSports games across North America and Europe.

#### **Principal Products & Solutions**

The AMPD team has over two decades of experience in technology solutions for animation studios and VFX production houses around the world. We supply high-performance computing solutions for the studio, and in the data centre. AMPD is continuously refining its cutting-edge technology range. See the below table for a summary of some of our recently launched solutions.

Product	Description
<b>AMPD Metal</b>	AMPD Metal is AMPD's high-performance dedicated bare metal server product. Our aim is to provide significant performance improvements and cost savings compared with other bare metal providers. We do this by gaining a deep understanding of the requirements of each customer and application and customizing each deployment. We leverage decades of relationships with hardware vendors and colocation providers around the world. We offer both CPU-based and GPU-based solutions. AMPD Metal can be used in conjunction with AMPD Storage and other components in our product range to create the full high-performance architecture that the customer's application demands.
<b>AMPD Gallium</b>	AMPD Gallium is AMPD's dedicated high-performance private cloud product. Each deployment is 100% dedicated to each individual organization, providing an abstraction layer between the physical hardware and virtual systems and machines. Our aim is to provide significant performance improvements and cost savings compared with other private cloud providers. We do this by gaining a deep understanding of the requirements of each customer and application and customizing each deployment. We offer both CPU-based and GPU-based solutions.
<b>AMPD Cloud Plus</b>	AMPD Cloud Plus blends the flexibility and elasticity of public cloud deployment with AMPD's approach to high-performance computing. The result is radically simplified and automated cloud infrastructure at exceptionally competitive pricing without any compromise on performance. Entire rack virtualization for virtual management of routers, networks, VLANs, VPNs, firewalls, servers, and software delivery automation as a complete solution, from a consolidated dashboard. Application hosting, big data management, backup and disaster recovery, managed cloud security.
<b>AMPD Storage</b>	AMPD Storage provides high-end, mid-tier, and archival storage solutions under a variety of different payment models. Customers' most mission-critical data are placed on ultra-fast flash storage, utilizing high-end storage hardware on a cost-effective pay as you go basis. Less demanding applications reside on slower spinning disk, while archived data is secured for long-term storage. Our tiered storage architecture saves money by ensuring that organizations only purchase as much expensive storage as required for the most critical workloads. AMPD works with leading storage providers to tailor solutions to each individual deployment. We also work with companies who offer high-performance, scalable file storage solutions for data-intensive applications tailored to overcome sector-specific challenges.
<b>AMPD Virtual Workstation</b>	AMPD's Virtual Workstations are customized for each customer deployment. We understand that the needs of each studio vary from one deployment to the next. AMPD works with customers to fully understand their current pipeline and make

## AMPD VENTURES INC.

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

	recommendations on how to transition to a virtual workstation environment that causes as little disruption to workflow as possible, while remaining secure and increasing performance. Dynamic resource allocation contributes to economic viability.
<b>AMPD Multi-CDN</b>	With 12 Tier-1 CDNs and overlapping coverage of the globe, AMPD's Multi-CDN, powered by System 73's KUNO FLOW, reaches users with more available throughput than any single CDN provider in the world. KUNO FLOW, accelerated with PolyNet technology, offers the benefits of Multi-CDN Connectivity at rates comparable with those of single CDN solutions. Using Intelligent DNS responses, Multi-CDN determines the best provider for any given request based on multiple factors including ISP, location, and availability of the CDN, and the performance profile for the hostname that's being requested. Intelligent DNS + Multiple CDNs. CDN Load Balancing Technology. One Dashboard + Simple API integration.
<b>AMPD Virtual Studio</b>	AMPD Virtual Studio is a suite of solutions and products designed to create the 'infrastructure-less studio' by moving the bulk of the customer's compute off site into purpose-built secure and enterprise grade AMPD hosting environments, connected via fibre.
<b>AMPD Game Hosting</b>	AMPD's Game Hosting blends dedicated core infrastructure with the flexibility to work with any public cloud - including our own - for higher performance and better pricing than other cloud providers.
<b>AMPD Studio</b>	Where on-premise equipment is still the optimal solution, AMPD Studio is underpinned by our understanding of the industry and allows AMPD to provide customized technology infrastructure specifically for game developers and publishers. From the workstation, to server and security infrastructure, AMPD works with developers to design and deploy technology specific to their studio's exact needs.
<b>AMPD Remote Render</b>	AMPD Remote Render provides significant performance improvements and cost savings compared with other render solutions. Based on our AMPD Metal and AMPD Gallium dedicated infrastructure environments and bursting to the AMPD HPC Cloud as necessary, AMPD Remote Render provides the performance and attractive economics of bare metal with the flexibility of Cloud-based solutions. We offer both CPU-based and GPU-based solutions.

## SUMMARY OF KEY EVENTS AND FUTURE PLANS

### *Recent Events*

On October 11, 2019, the Company completed a Share Exchange Agreement (the "Transaction") whereby AMPD Ventures Inc. (formerly E-Gaming Ventures Corp.) ("AMPD Ventures") acquired all of the issued and outstanding shares of AMPD Holdings Corp. in exchange for issuing 20 million common shares at a deemed value of \$0.35 per share. As a result of the Transaction, the shareholders of AMPD Holdings Corp. will hold approximately 53.85% of the shares of the resulting entity and the Transaction will be accounted for as a reverse acquisition of a non-operating entity with the AMPD Holdings Corp. identified as the acquirer and the continuing entity for accounting purposes. The ongoing entity will continue as AMPD Ventures Inc. (AMPD or the Company). AMPD obtained a listing on the Canadian Securities Exchange in connection with the Transaction. October 23, 2019, AMPD announced that it had received final approval from the Canadian Securities Exchange and would begin trading the following day.

As a result of the transaction, the common shares of the resulting company at October 11, 2019 were as follows:

	<u>Common Shares</u>
Common shares of AMPD Ventures Inc.	16,606,954
Common shares of AMPD Holdings Inc.	20,000,000
Common shares issued on conversion of special warrants	531,986
Common shares outstanding	<u>37,138,940</u>

**AMPD VENTURES INC.**

## Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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Full warrant equivalents for royalty units	424,904
Warrants issued for surrender of AMPD Holdings Options	5,000,000
Common shares to be issued on conversion of debt	898,058
Finder's Warrants	279,591
	<hr/>
	6,602,553
	<hr/>
Fully diluted common shares at October 11, 2019	43,741,493

During the period from October 11, 2019 to November 30, 2019, 8,400 finder's warrants were exercised for common shares, and 2,250,000 stock options were awarded.

On February 7, 2020, the Company issued 4,119,000 common shares and 2,059,500 warrants total gross proceeds of \$978,263.

The Company intends to use the capital raised to continue to expand its sales reach and product portfolio and the projects described above, as well as other initiatives. This ongoing expansion is expected to increase AMPD's operating deficit in the short- to medium-term.

During the year ended May 31, 2020, 2,450,000 stock options were awarded, and 850,000 options were either forfeited or expired, leaving 1,600,000 options outstanding at May 31, 2020. During the six-month period ended November 30, 2020, the Company issued 2,550,000 stock options and 1,100,000 stock options were either cancelled or forfeited, resulting in 3,050,000 stock options outstanding at November 30, 2020.

During the six-month period ended November 30, 2020, the Company completed a private placement of 600,000 units for cash proceeds of \$120,000. Each unit comprised one share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share for a period of one year. The CEO and director of the Company was the sole subscriber for this private placement. The Company also completed an arrangement through which it settled \$308,000 of future transactions with a third party in exchange for 1,540,000 units at a price of \$0.20 per unit. Each unit will be comprised of one common share and one common share purchase warrant having an exercise price of \$0.30 and a term of 24 months from the date of closing. During the six-month period ended November 30, 2020, the Company issued 2,550,000 stock options and 1,100,000 stock options were either cancelled or forfeited, resulting in 3,050,000 stock options outstanding at November 30, 2020.

Subsequent to November 30, 2020, the Company closed a private placement through the issuance of 4,735,000 units for proceeds of \$473,550. Each unit comprised one common share and one-half common share warrant. Each full warrant can be converted to a common share at a price of \$0.15 per share for 12 months. Insiders purchased 2,610,500 of these units.

**AMPD VENTURES INC.**

## Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

**SELECTED ANNUAL INFORMATION**

Year ended May 31,	2020	2019	2018
Revenue	\$ 1,173,638	\$ 1,343,082	\$ 993,687
Operating expenses	5,360,355	665,485	595,335
Finance costs	118,221	76,520	24,030
Other income (expenses)	(3,230,527)	(3,495)	5,118
Net income (loss)	(8,236,529)	(605,383)	(465,527)
Loss per share, basic and fully diluted	(0.26)	(0.06)	(0.05)
Cash	938,661	106,176	71,934
Working capital (deficiency)	(3,714)	(753,794)	(260,340)
Total assets	2,771,022	141,809	124,848
Total long-term liabilities	1,763,996	-	-
Shareholders' equity (deficiency)	\$ 1,007,026	\$ (752,784)	\$ (258,926)

The Company presently does not pay and does not anticipate paying any dividends on its common shares, as all available funds will be used to develop the Company's business for the foreseeable future. See Discussion of Operations below for a discussion of factors which have contributed to period-to-period variations.

**SUMMARY OF QUARTERLY RESULTS**

The following table presents unaudited selected financial information for each of the last eight quarters.

Quarter ended	Revenues	Operating Expenses	Net Income (Loss) from Operations	Earnings (Loss) per share *
November 30, 2020	\$ 248,430	\$ 931,718	\$ (776,480)	\$ (0.02)
August 31, 2020	432,214	899,552	(627,773)	(0.01)
May 31, 2020	699,733	3,327,910	(2,788,035)	(0.07)
February 29, 2020	118,401	924,405	(906,258)	(0.04)
November 30, 2019	142,025	892,513	(4,319,014)	(0.20)
August 31, 2019	213,479	215,527	(223,222)	(0.02)
May 31, 2019	326,080	197,760	(192,370)	(0.01)
February 28, 2019	726,463	174,618	(85,295)	(0.01)

*Per share numbers adjusted to reflect the share exchange ratio in the Transaction.*

The Company's revenues are generally consistent on a quarterly basis with the exception of February 2019 which is significantly greater due to the acquisition of a new customer and the completion of a one-time technology sale to that customer. The May 2019 sales benefited from a one-time contract break fee. Individual sales to the Company's major customers may represent a significant portion of the Company's revenues in a quarter and the timing of closing these sales may cause variation in revenues from quarter to quarter. The Company intends to continue to expand its services which generate recurring revenue in the form of monthly fees for multi-year contracts or utilization-based billing which it expects will smooth variations in quarterly revenues. The loss from operations in the November 2019 quarter reflects a one-time \$3.4 million expense item related to the RTO transaction. The May 2020 quarter reflects a share-based valuation expense related to warrants and signing bonus shares issued of \$2.2 million.

**THREE MONTHS ENDED NOVEMBER 30, 2020**

The net loss during the three months ended November 30, 2020 increased to \$776,480 (\$0.02 per share) from

## AMPD VENTURES INC.

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

\$4,319,014 (\$0.20 per share) in the three months ended November 30, 2019. Non-cash and non-recurring expenses related to the go-public transaction in the November 2019 quarter resulted in a \$3.1 million expense, while share based compensation resulted in a further \$0.3 million expense. Amortization of \$157,621 and share-based compensation of \$158,954 constituted the non-cash and non-recurring expenses.

Operating expenses were increased in the November 2020 period as the Company changed its business focus and pursued new business lines. Salaries were increased as the Company enhanced the depth and breadth of its product line and provided sales and support staff in advance of sales. Share-based compensation increased with the granting of stock options to directors, officers, and employees in the August 2020 period.

Following is a discussion of the Company's financial results for the three-month period ended November 30, 2020, compared to the same period in the prior fiscal year.

#### Revenue

	Three months ended November 30		Variance from 2020 to 2019	
	2020	2019		
Hardware sales	\$ 12,361	\$ 82,572	\$ (70,211)	(85)%
Software licensing fees	1,481	6,096	(4,615)	(76)%
Platform fees	221,473	39,441	182,032	462%
Support and maintenance and other	13,115	13,916	(801)	(6)%
Total	\$ 248,430	\$ 142,025	\$ 106,405	75%

Consolidated revenues for the three-month period ended November 30, 2020 increased by \$106,405 (75%) compared to the three-month period ended November 30, 2019. The Company is strategically focused on increased platform sales and fewer hardware sales. Hardware sales are intermittent and generally do not attract large margins. Platform fees generate stronger gross margins. While revenue increased as compared to the November 2019 quarter, it was down as compared to the August 2020 quarter due to a large tech sale and one-time software sale. The rate of increase was below expectations due to a general economic slowdown as a result of COVID-19 uncertainty and restrictions.

#### Revenue by geographic region

	Three months ended November 30,		Variance from 2020 to 2019	
	2020	2019		
Canada	\$ 248,430	\$ 109,181	\$ 139,249	128%
United States	-	32,844	(32,844)	-
Total	\$ 248,430	\$ 142,025	\$ 106,405	75%

During the three months ended November 30, 2020, total revenues in Canada increased by \$139,249 compared to revenues in Canada during the three months ended November 30, 2019 and revenues in the United States were negligible.

#### Revenues and Cost of Sales

	Three months ended November 30,		Variance from 2020 to 2019	
	2020	2019		
Revenue	\$ 248,430	\$ 142,025	\$ 106,405	75%
Cost of sales	65,870	131,955	66,085	50%
Gross profit	\$ 182,560	\$ 10,070	\$ 172,490	1713%

Total sales and gross margin increased significantly in the November 2020 quarter, as compared to 2019. This change reflects the Company's strategy to focus on higher margin Monthly Recurring Revenue (MRR) rather than hardware sales. Significant resources were deployed to expand the depth and breadth of the product offering available to MRR customers. Despite sales growth in Q4 2020, the COVID-related delays continued to hamper sales efforts in the November 2020 quarter. While customers continue to need the service and COVID-related changes to the business environment could benefit the Company as customers transition to a more remote-work environment, delays were encountered as customers determined how they were going to respond to COVID

**AMPD VENTURES INC.**

## Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

changes. The Company is discussing its services offerings with a number of customers, large and small. The sales process takes time to make sure the proper product and cost structure is matched with the client.

*Non-cash and One-time Charges*

	Three months ended November 30,		Variance
	2020	2019	
Share-based payments	\$ 158,954	\$ 284,039	\$ (125,085)
Amortization	157,621	22,697	134,924
Listing expense	-	3,405,568	(3,405,568)
<b>Total</b>	<b>\$ 316,575</b>	<b>\$ 3,712,304</b>	<b>\$ (3,395,729)</b>

During the three months ended November 30, 2020, non-cash and one-time charges were significant expense items. Share-based payments include \$158,954, mostly related to the award of 2,550,000 stock options in the November 2020 quarter. Amortization increased due to a combination lease costs now reporting in the amortization line rather than as a rent expense in office and miscellaneous, and with fixed asset increases.

*Selling and Marketing*

	Three months ended November 30,		Variance
	2020	2019	
Advertising and promotion	\$ 13,101	\$ 303,839	\$ (290,738)
Travel and entertainment	247	20,520	(20,273)
<b>Total</b>	<b>\$ 13,348</b>	<b>\$ 324,359</b>	<b>\$ (311,011)</b>

During the three months ended November 30, 2020, selling and marketing expenses decreased by \$311,011 compared to the three months ended November 30, 2019. A significant portion of the advertising and promotion expense in the November 2019 quarter related to efforts for the go public transaction and associated placement. Advertising was targeted to attract Platform sales in the November 2020 quarter. COVID-19 restrictions resulted in less travel during the November 2020 quarter.

*Operating, General and Administrative ("G&A") Expenses*

	Three months ended November 30,		Variance
	2020	2019	
Bank charges	\$ (1,238)	\$ 2,354	\$ 3,592
Salaries & consulting fees	377,838	241,089	136,749
Data centre costs	19,661	-	19,661
Dues and subscriptions	175	1,334	(1,159)
Insurance	9,750	9,728	22
Office and miscellaneous	55,833	22,842	32,991
Professional fees	131,593	(20,767)	152,360
Regulatory fees	8,183	4,838	3,345
<b>Total G&amp;A expenses</b>	<b>\$ 601,795</b>	<b>\$ 261,418</b>	<b>\$ 340,377</b>

During the three months ended November 30, 2020, G&A expenses increased by \$340,377 as compared to the three months ended November 2019. The increase in G&A expenses is primarily due to an increase in salaries, combined with public company related administrative fees. Salaries and consulting fees increased as new staff were hired to help win and support the anticipated sales increases, existing staff received payments which more closely approached market-based levels in the November 2020 quarter as compared to the November 2019 remuneration. Data centre costs were incurred with the opening of operations at DC1 in 2020.

*Interest and financing costs*

	Three months ended November 30,		Variance
	2020	2019	
Interest expense	\$ 29,148	\$ 31,003	\$ 1,855
<b>Total</b>	<b>\$ 29,148</b>	<b>\$ 31,003</b>	<b>\$ 1,855</b>

## **AMPD VENTURES INC.**

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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Interest and financing costs for the three months ended November 30, 2020 increased slightly by \$1,855. The increase is due to leases and lease financing added in 2020, partly offset by a combination of reductions of loans. The Company reduced its loans debt significantly in 2020 with the repayment of a convertible debenture. Payments were made against the revolving line of credit in the 2020 fiscal year and in the November 2020 quarter. In 2021, the Company fully repaid the line of credit, leaving loans on the balance sheet related to only lease and lease finance related debt, with a convertible loan and accrued interest held by the CEO.

The Company entered three leases in 2020 of which two leases were for office space and one was more in the nature of an equipment financing arrangement. Interest of \$12,780 was expensed against these lease and lease finance obligations in the November 2020 quarter.

### **SIX MONTHS ENDED NOVEMBER 30, 2020**

The net loss during the six months ended November 30, 2020 improved to \$1,404,241 (\$0.03 per share) from \$4,542,236 (\$0.26 per share) in the six months ended November 30, 2019. As reported in the three-month results from operations, the most significant change was a one-time cost of \$3,405,568 in the three months ended November 30, 2019 related to the go-public transaction. Other contributing factors to the increase were increased advertising, non-cash share-based compensation and consulting fees.

Revenue in the six months to November 2020 increased to \$688,644 on stronger platform sales. Gross margins increased with greater, higher margin hosting revenues.

### **LIQUIDITY**

As at November 30, 2020, the Company had a working capital deficit of \$578,587 (May 31, 2020 – deficit of \$3,714). The Company expects to continue to report operating losses for the immediate future.

The Company has been advised by its CEO, who is the holder of the \$327,054 convertible debt, that there is no intention to call this loan in the foreseeable future. However, the Company continues to account for this loan as a current liability which negatively affects reported working capital.

The Company holds debt of \$4,554 at November 30, 2020, related to credit facility, bearing 16% interest, which matured October 13, 2020. The Company was required to meet certain covenants imposed by the lender which includes a financial covenant to maintain a minimum net worth, defined as its share capital plus retained earnings. From time-to-time in 2020 and 2019, the Company was off-side these covenants. The Company has repaid this debt at the date of this MDA.

The Company experiences significant fluctuations in liquidity due to the timing of sales to major customers whereas operating expenses are generally incurred evenly throughout the fiscal year. The Company does not have significant levels of inventory or constraints on its working capital other than regular operating expenses.

The Company has completed an investment round to provide it with capital to meet current obligations and finance future operations and would allow it to scale its ability to identify and execute new deals. AMPD intends to do this in parallel with expanding its effective reach to a global audience while expanding its product portfolio. A further capital raise is also currently being undertaken.

### **COMMON SHARES**

The Company expects to acquire capital resources to expand operations through the completion of the Transactions as described above. Additional sources of financing and share issues are as follows:

On August 29, 2018, the Company issued a \$250,000 unsecured convertible promissory note to one of its principal shareholders who is also the CEO and a director of the Company. The note bears interest at 12% per annum, compounded monthly in arrears, matures on August 29, 2021, and was convertible to common shares at

## **AMPD VENTURES INC.**

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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any time at the option of the holder at a conversion price of \$0.79 per common share. On May 1, 2019, the Company amended the maturity date of the note to May 1, 2020 and the conversion price to \$0.70 per common share.

On May 1, 2019, the Company issued a \$120,000 unsecured convertible loan to an unrelated party. The note bore interest at 12% per annum, compounded monthly in arrears, matured on May 1, 2020, and was convertible to common shares at any time at the option of the holder at a conversion price of \$0.70 per common share. This loan was repaid in full in 2020.

On June 1, 2019, the Company issued 1,638,918 common shares to an officer of the Company and 546,306 common shares to a consultant as employment sign-on incentives. These shares have been valued at \$764,828.

On June 1, 2019, the Company issued 169,960 common shares at a deemed value of \$50,000 per share for consulting services.

On July 1, 2019, the Company entered into an asset purchase agreement for the purchase of computing equipment. The Company issued 594,860 common shares for a purchase price of \$175,000 as consideration for the purchase of the equipment.

During the period ended November 30, 2019, the Company issued 8,400 common shares on the exercise of agent's finder's warrants for gross proceeds of \$2,940.

On February 7, 2020, the Company closed its private placement financing of 4,119,000 units for total gross proceeds of \$978,263. Each Unit is comprised of one common share and one-half of one common share purchase warrant having an exercise price of CAD \$0.50 per whole warrant expiring February 7, 2021.

On June 1, 2020, the Company completed a private placement of 600,000 units at a price of \$0.20 per unit for gross proceeds of \$120,000. Each unit includes one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share for a period of one year. The CEO and director of the Company was the sole subscriber for this private placement. The Company incurred \$200 in share issuance costs in connection to this private placement.

On June 1, 2020, the Company completed an arrangement through which the Company settled \$308,000 of future transactions with a third party in exchange for 1,540,000 units. Each unit will be comprised of one common share and one common share purchase warrant having an exercise price of \$0.30 and a term of 24 months from the date of closing. The Company recorded a fair value of \$178,689 on 1,540,000 common shares and \$113,911 on 1,540,000 share purchase warrants. In addition, the Company recorded a gain of \$15,400 in connection to this settlement.

On December 14, 2020, the Company closed a private placement through the issuance of 4,735,000 units for proceeds of \$473,550. Each unit comprised one common share and one-half common share warrant. Each full warrant can be converted to a common share at a price of \$0.15 per share for 12 months. Insiders purchased 2,610,500 of these units.

### **OFF-BALANCE SHEET AND OTHER ARRANGEMENTS**

During the year ended May 31, 2017, the Company issued 500,000 (849,800 units at the conversion ratio) royalty units at \$0.50 per unit for gross proceeds of \$250,000. Each royalty unit is comprised of one common share and one non-transferrable special warrant. Holders of the special warrants are entitled to receive a pro-rata share of 0.83% of the Company's annualized gross sales, to a maximum of 80% of net profit for that year, so long as the Company maintains a positive annual EBITDA. Once holders of the special warrants have received an amount equal to the aggregate purchase price of the royalty units, the Company may at its sole discretion convert each special warrant to one-half of one share purchase warrant, being 424,904 half warrants post-Transaction. Each post-Transaction, whole share purchase warrant issued on conversion of the special warrants will entitle the holder to purchase one common share at \$0.35 per share for a period of 12 months following conversion.

## AMPD VENTURES INC.

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

#### RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

During the six months ended November 30, 2020 and 2019, the remuneration of the key management personnel was as follows:

November 30,		2020		2019
Chief Executive Officer	\$	57,231	\$	54,500
Chief Financial Officer		39,050		750
Chief Strategy Officer		98,077		61,203
Chief Technology Officer		60,000		60,750
Vice President of Client Services		55,371		39,500
Vice President of Operations		60,000		43,500
Director Fees		6,000		-
Total	\$	375,729	\$	358,160

#### Other related party transactions and balances

The Company recognized an aggregate of \$222,316 (November 30, 2019 - \$59,149) in share-based compensation on the vested portion of stock options and performance-based warrants granted to directors and officers of the Company.

Convertible debt of \$250,000 and interest earned of \$77,054 is owed to the CEO at November 30, 2020.

During the six months ended November 30, 2020, the Company paid or accrued \$6,000 in director's fees to a director of the Company.

#### CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

##### *Adoption of International Financial Reporting Standards*

The Company previously prepared its annual financial statements in accordance with Canadian Accounting Standards for Private Enterprises ("ASPE").

The Company adopted International Financial Reporting Standards ("IFRS") with an effective date and transition date of June 1, 2016. Under IFRS 1 First-time Adoption of International Financial Reporting Standards the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities included in retained earnings unless certain exemptions are applied. None of the exemptions which could be applied on the transition to IFRS were applicable to the Company.

The Company also early adopted IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers and applied those standards on the date of adoption of IFRS.

On conversion from ASPE to IFRS there were no significant changes that required adjustments to the Company's financial statements as at June 1, 2016 and for the year ending May 31, 2017.

All significant critical accounting estimates are fully disclosed in Note 2 of the interim consolidated financial statements.

##### *Adoption of New Accounting Standard*

The Company has adopted the following new standard, with a date of initial application of June 1, 2019 and has

## **AMPD VENTURES INC.**

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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been applied in preparing these financial statements:

IFRS 16 - Leases replaces IAS 17, Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; and introduces new disclosure requirements. Under IFRS 16, a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Right-of-use assets will be initially measured at cost, which includes the initial measurement of the lease liabilities and other costs, less lease incentives. Lease liabilities will initially be measured at the present value of future lease payments and subsequently measured at amortized cost using the effective interest method. IFRS 16 became effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances and may be applied retrospectively to each prior period presented (full retrospective approach) or with the cumulative effect of adoption recognized at initial application (modified retrospective approach). The modified retrospective approach offers the option, on a lease-by-lease basis, to either measure the right-of-use asset retrospectively using the discount rate as at the date of initial application or to measure the right-of-use asset at an amount equal to the lease liability.

The Company adopted IFRS 16 on June 1, 2019. On initial adoption, the Company has elected to record right-of-use assets based on the corresponding lease obligation. At inception, the Company recorded \$782,660 in right-of-use asset and lease obligation, with no impact on deficit. When measuring the present value of lease obligations, the Company discounted remaining lease payments using its incremental borrowing rate of 10%.

#### **Lease accounting policy**

At inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date. The assets are depreciated over the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of future economic benefits.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease obligation. The lease obligation is subsequently measured at amortized cost using the effective interest rate method.

#### **Recent accounting pronouncements**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

#### **FINANCIAL INSTRUMENT RISKS**

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, convertible debt and long-term debt. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

##### *Credit Risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its

## **AMPD VENTURES INC.**

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

The Company's accounts receivable consists of Goods and Services Tax due from the Federal Government of Canada and amounts receivable from customers. The Company's maximum exposure to credit risk as at November 30, 2020 is \$69,424 (May 31, 2020 - \$285,859), representing trade accounts receivable.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required.

When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues. As at November 30, 2020 and May 31, 2020, the Company did not have any material overdue accounts.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities are due within the current operating period, as is the debt. The Company manages its liquidity risk through its operating budgets and financing activities.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk from its secured loans and convertible debentures. The Company's interest rates on these loans are fixed and the sensitivity of the Company's loss before tax to a reasonably possible change in market interest rates is considered minimal.

#### *Other Market Risk*

Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company is not exposed to significant currency risk as the parent entity and subsidiaries primarily transact in their functional currencies.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

As at the date of this MDA, November 30, 2020, and May 31, 2020, the Company's issued and outstanding common shares, converted for the exchange ratio used in the Transaction, were:

	January 25, 2021	November 30, 2020	May 31, 2020
Common shares issued and outstanding	48,391,840	43,656,340	41,266,340

## **BUSINESS RISK FACTORS**

The Company is exposed to a number of "Risk Factors", which are summarized below:

- The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.
- Uncertainty about the Company's ability to continue as a going concern.
- The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.
- There are factors which may prevent the Company from the realization of growth targets. The Company is currently in the expansion from early development stage.

## **AMPD VENTURES INC.**

### Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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- The Company may face significant competition.
- The Company may be subject to additional regulatory burden resulting from its public listing on the CSE.
- There is no assurance that the Company will turn a profit or generate immediate revenues.
- The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.
- The Company may fail to successfully market and develop its brand.
- Failure to Innovate.
- The Company may be unable to adequately protect its proprietary and intellectual property rights.
- Intellectual Property Infringement.
- The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights.
- The Company may become subject to litigation, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.
- Reliance on Third Party Software.
- Use of Open Source Software.
- Disruption of Information Technology Systems.
- Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change.
- If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the technology, cloud storage/computing and gaming sectors.
- There is no assurance that the Company will secure strategic partnerships jurisdictions in which the Company considers important.
- Failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition.
- The Company will be reliant on information technology systems and may be subject to damaging cyberattacks.
- The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.
- In certain circumstances, the Company's reputation could be damaged.
- No guarantee on the use of available funds by the Company.
- Risks Related to the Company's Securities.
- The Company does not anticipate paying dividends to common shareholders in the foreseeable future.
- Future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking information including the Company's future plans. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward looking information, including but not limited to statements pertaining to Company's future plans and management's belief as to the Company's potential involve known and unknown risks, uncertainties and other factors which may cause the actual results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Forward looking information is based on management's expectations regarding future growth, results of operations, future capital and other expenditures (including the amount, nature and sources of funding for such expenditures), business prospects and opportunities. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: the risks associated with the commercial viability of any technologies the Company is in the process of developing or deploying, delays or changes in plans with respect to any technologies, costs and expenses, the risk of foreign exchange rate fluctuations, risks associated with securing the necessary regulatory approvals and financing to proceed with any planned business venture, product development or deployment, and risks and uncertainties regarding the potential to economically scale and bring to profitability any of the Company's current or planned endeavors. Although the Company has attempted to take into account important factors that could cause actual costs or

**AMPD VENTURES INC.**

## Management's Discussion and Analysis

For the six months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian dollars)

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results to differ materially, there may be other factors that cause the results of the Company's business to not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. See the Risk Management section of this MD&A for a further description of these risks. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information.