Legible Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024

(Expressed in Canadian dollars)

This Management Discussion & Analysis ("MD&A") of Legible Inc. and its subsidiary (referred to as the "Company" or "Legible") was prepared by management as of April 30, 2025, and was reviewed and approved by the Board of Directors of Legible. The following discussion of performance, financial condition and future prospects should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2024, and the notes thereto (the "Financial Statements"), which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This discussion covers the year ended December 31, 2024, and the subsequent period up to the date of issue of this MD&A.

The Company has prepared this MD&A following the requirements of National Instrument 51-102 ("NI-51-102"). These statements are filed with the relevant regulatory authorities in Canada. All currency amounts are expressed in Canadian dollars, unless otherwise noted.

DESCRIPTION OF BUSINESS AND CORPORATE INFORMATION

Legible is an eBook entertainment and media company that has developed a browser-first, globally distributed reading, and publishing platform, and digital Bookstore that offers a sophisticated and immersive reading experience to anyone with an internet-enabled device anywhere in the world, while solving key challenges faced by readers, publishers, and authors. This includes providing global access to literature without the need for eReaders and apps, improving the capacity to showcase marginalized voices, opening new device-agnostic markets, and innovating new technological tools and digital publishing formats. Legible is positioned to offer delightful, accessible, and immersive reading and listening experiences, a full Membership Plan service, an AI-powered book discovery tool, and a diverse catalogue of compelling media-rich (video, audio, animation, augmented reality, AI-interactive) "Living Books" - exclusive and original to Legible - which are designed to generate new partnerships and unique publishing opportunities.

Legible Inc. and its wholly-owned subsidiary, Legible Media Inc., were incorporated under the Alberta Business Corporations Act and the British Columbia Business Corporations Act, respectively. The head office is located at 250 - 997 Seymour St., Vancouver, BC V6B 3M1. Legible's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "READ" and trading commenced on December 1, 2021. On January 10, 2022, Legible's common shares commenced trading on the Frankfurt Stock Exchange (FSE) under the trading symbol D0T (D/zero/T). On January 25, 2023, Legible began trading on the U.S. based OTCQB Venture Market under the symbol LEBGF.

BUSINESS HIGHLIGHTS

Latest Developments and Strategy

The Company made considerable progress in 2024, advancing its position as a pioneer in AI-powered reading experiences, expanding its B2B and automotive partnerships, and increasing its content catalogue. Legible released new volumes in its Living Book and AI-enhanced cookbook series, launched its third AI Classic, *FrankensteinAI*, and developed a voice-enabled version of its proprietary Sous Chef AI.

In addition to these new products, Legible expanded its presence in the automotive sector. The Company launched audiobook previews in 1.5 million Teslas via Slacker Radio, and extended its footprint as the only Android Automotive OS (AAOS) app providing both eBooks and audiobooks through partnerships with Forvia Appning, formerly Faurecia Aptoide, Harman IGNITE, Visteon AllGo, and ACCESS Twine4Car. These relationships position Legible's app for distribution in millions of vehicles from leading automakers such as BMW, Ford, GM, and Honda.

Legible advanced its technology infrastructure and ecommerce capabilities, releasing updated versions of its web and mobile apps with improved conversion pathways and streamlined subscriber onboarding. The Company also built marketing attribution and analytics systems to support its growing acquisition efforts.

To support user growth and market reach, Legible launched an expanded partnership with Krupp Kommunications, Inc. ("Krupp"), a renowned New York PR and marketing agency, to lead high-profile PR and branding campaigns. This included multiple appearances of celebrity chef and Living Cookbook author Ms. Cristina Ferrare on The Drew Barrymore Show and wide media coverage of her *My Model Kitchen* series. Legible also conducted two rounds of targeted marketing campaigns with an on-line marketing company with proprietary algorithms and a proven history, MarketingCo, that resulted in improved conversion optimization and valuable audience insights, though campaigns were suspended in Q4 due to capital constraints.

Legible also deepened its publisher and distribution partnerships throughout the year, securing audiobook content from RBMedia, Blackstone Publishing, and Dreamscape Media, and onboarding multilingual titles from De Marque Inc. ("De Marque"). In early 2025, Legible signed an exclusive agreement with CAMB.AI to develop real-time multilingual AI translation and narration of ebooks, reinforcing its mission to expand global literacy and access to stories in 160 languages.

All of these products and initiatives are being positioned for continued development and large-scale B2C and B2B marketing campaigns in 2025, contingent on securing additional financing.

Challenges

Due to a difficult investment and economic environment for tech, small cap stocks, and general spending as high interest rates, increasing costs of living, and fueled by geo-political issues, and implications of tariff wars with both the US and China, dampened both investor and consumer spending power, Legible had to fight hard to raise enough capital to complete certain development of its core products.

To achieve noteworthy revenues and profitability, the Company must constantly obtain new customers as well as look at ways to increase the scope of services, such as podcasts, films, family memberships, auto services, etc. provided to customers. The Company has been subject to many risks common to start-up organizations which include under-capitalization, constant cash shortages, limitations with respect to personnel, and lack of revenues.

Business Approach

Legible seeks to be a key player in the digital publishing industry and gain market share through innovative, twenty-first century publishing and global reading experiences using any browser-enabled device. Legible is on a mission to provide delightful eBook and audiobook experiences to readers worldwide that value immersive entertainment experiences through well-constructed, content-dynamic books while promoting sustainability, accessibility, and global literacy, plus early adoption of world-changing technology advancements including AI.

Corporate Update

On April 26, 2024, Legible closed a convertible debenture private placement for gross proceeds of $1,103,262, which included $2,880 in finder's fees, and $527,262 in settlement of outstanding indebtedness.

On July 16, 2024, Legible closed a convertible debenture private placement for gross proceeds of $1,050,000, which included $420,000 in settlement of outstanding indebtedness.

On July 31, 2024, the Company issued 674,222 common shares at $0.05 per common share valued at $33,711, and paid cash of $4,797 in settlement of the first quarter interest indebtedness of $38,508 (first of eight total payments) regarding the convertible debentures that were issued on April 26, 2024.

On August 16, 2024, the Company closed on its Warrant Incentive Program ("Incentive Program") that was applicable to six classes of warrants. Under this program, 3,374,936 warrants were exercised at $0.07 for proceeds of $236,245, of which $180,232 was for the settlement of indebtedness that included a loan from a director for $15,750. 3,374,936 shares were issued upon exercise of warrants under the Incentive Program at a reduced strike price of $0.07 per common share. Pursuant to the Incentive Program, an additional 3,374,936 replacement warrants were issued to all persons participating, with an exercise price of $0.10 and an expiry date of August 16, 2025. 11,116,709 warrants, with an original expiry date of July 28, 2024 (originally amended to August 12, and subsequently further amended to August 16), expired, unexercised.

On October 7, 2024, the Company issued 627,083 common shares at $0.09 per common share valued at $56,437 for the conversion of convertible debentures that were originally purchased on April 26,2024.

On October 16, 2024, the Company granted 2,921,250 options to consultants and employees. The options have an exercise price of $0.14; a 10-year term with the vesting provisions of 50% 6 months after grant date, and remaining 50% after 12 months.

On October 23, 2024, Investor Cubed, Inc. ("Investor Cubed") tendered its resignation with contract termination effective immediately.

On October 24, 2024, the Company announced the appointment of Mr. Andrew Nelson to the position of Chief Technology Officer.

On October 25, 2024, the Company issued 474,943 common shares at $0.07 per common share valued at $33,246, and paid cash of $6,021 in settlement of the first quarter interest indebtedness of $39,267 (first of eight total payments) regarding the convertible debentures that were issued on July 16, 2024.

On October 28, 2024, the Company issued 517,487 common shares at $0.07 per common share valued at $36,224, and paid cash of $1,851 in settlement of the second quarter interest indebtedness of $38,075 (second of eight total payments) regarding the convertible debentures that were issued on April 26, 2024.

In October, 2024, 800,000 options, were forfeited.

On November 1, 2024, the Company announced the appointment of DMCL LLP as its new independent auditor.

On November 26, 2024, the Company announced the cancellation of the $0.14 private placement unit offering due to an investor who signed a subscription agreement for 11,500,000 units, and failed to wire the Company the subscription amount of $1,610,000 after confirming multiple times, in writing, that the $1,610,000 would be sent.

In November, 2024, the Company issued 1,101,053 common shares at $0.07 per common share valued at $77,074 regarding the conversions of convertible debentures that were purchased on July 16, 2024.

Operations Update

Q1 2024

In Q1 2024, Legible released its second AI-powered classic, Animal Farm AI, also with original art, which introduced two AI-driven characters, Sonia and Daisy, that readers can chat with to delve deeper into George Orwell's narrative, gaining new insights into its themes and characters through real-time conversations.

Legible announced the launch of its new Legible Connect service, a fully secure book content delivery tool for B2B clients, with the ability to stream audiobook content directly into cars.

The marketing team continued to implement key data analytics tools designed to provide insights into customer behaviour and conversions on the website, enabling strategic and targeted efforts to drive revenue through marketing campaigns. The team also began developing social media and email marketing campaigns as well as paid advertising.

Legible launched My Model Kitchen - Volume 1: Pasta, the first in a series of 15 Living Cookbooks authored by Ms. Cristina Ferrare, an iconic supermodel, acclaimed TV host, and New York Times bestselling author. These interactive "Living Cookbooks" blend Ferrare's culinary expertise with Legible's digital technology, featuring original video of Cristina presenting her recipes as well as Sous Chef AI, which responds to queries about the recipes and offers everything from substitution suggestions to wine pairing advice.

Legible's development team advanced the capacity for its Sous Chef AI to be voice-based, which will enable readers to ask it questions out loud and have it respond vocally.

In addition, Legible launched a streaming of audiobook previews into all Teslas in North America as part of its partnership with LiveOne's Slacker Radio.

<u>Q2 2024</u>

In Q2 2024, Legible won the e-Learning Innovation of the Year award from the EdTech Digest Breakthrough Awards program, beating out hundreds of other companies and positioning Legible in great company with fellow winners Kahoot!, PowerSchool, BrightCHAMPS, Carnegie Learning, LEGO Education, Ellucian, Cisco, Houghton Mifflin Harcourt, Degreed, Logitech, Boxlight, InStride, Promethean, Nelson Education, Anthology, Discovery Education, ViewSonic, and other top companies and startups in the industry.

Legible continued to develop its next three original Living Book/AI enhanced publications, releasing the second instalment in the *My Model Kitchen* Living Cookbook series - a Summer Supplement on smoothies called Soothies - in July, with the third volume: Volume 3 - The Garden of Earthly Delights, including training for the Sous Chef AI and its capability to provide personalized answers to customer queries on each recipe, that was released in late July, 2024. Legible continued to develop the verbal/audio version of the Sous Chef AI for use in the My Model Kitchen series, allowing readers to ask the AI questions out loud and hear its responses.

Legible launched an expanded catalogue of audiobook previews in nine categories in 1.5 million Teslas via its partnership with Slacker Radio, and in all of Slacker's apps for web and mobile.

<u>Q3 2024</u>

The Company announced the release of two new books in Cristina Ferrare's *My Model Kitchen* series, exclusively available to Legible subscribers. These include "*Soothies*", a summer supplement with a variety of delicious and healthy smoothie recipes, and "*The Garden of Earthly Delights - My Model Kitchen Volume 2: Vegetables*", the second all-digital Living Cookbook in the series, featuring videos of Cristina and the Sous Chef AI. *My Model Kitchen* was nominated for two Gourmand Awards. The Company also developed Volume 3 in the *My Model Kitchen* series, Holidays, which also features the Sous Chef AI and embedded videos of Cristina Ferrare, and was released on November 12, in time for American Thanksgiving, with a second festive instalment to be released in time for Christmas.

On August 27, CEO Kaleeg Hainsworth gave an investor online seminar, providing insights into Legible's latest developments, future strategies, and key milestones. In early October, Hainsworth and Legible Capital Markets Adviser, Eric Leslie, presented at the OTCQB/CSE Global Markets Forum in New York.

Legible advanced development of its third AI Classic, *FrankensteinAI*, with original AI art produced by digital artist Remo Camerota. As with the first two in the series, *A Christmas Carol AI* and *Animal Farm AI*, the new Living Book contains AI chatbots enabling readers to interact with characters in the book.

The development team undertook extensive updates to the Legible catalogue and web page, improving book delivery efficiency, and conversion rates from the bookstore home page. A new version of the Legible app, updating key services and resolving minor technical issues was released to the Apple and Google Play app stores. The development team also added new functionality to the website and app designed to retain more subscribers during the sign-up process, including removal of the need for email verification and updated streamlined ways to provide discounts and promotions.

Management focused significant effort on the development and launch of major marketing campaigns with MarketingCo. The campaign was designed to boost subscriber numbers.

Q4 2024

Legible CEO Kaleeg Hainsworth and Strategic Advisor Eric Leslie attended the Global Markets Forum, presented by the OTCQB and CSE, in New York from October 8-10, to meet with potential investors.

Legible initiated a large-scale branding and messaging exercise with Krupp. The strategy being developed is designed to elevate Legible's presence in the digital reading market, enhance brand recognition, and expand its network of celebrity authors.

The development team continued to add new functionality to the website and app, including development and implementation of the gathering of data on attribution for subscriptions and subscriber actions, which is essential to the success of its marketing activities. The team also designed email sequences for various contingencies and built several new web pages designed to support B2B marketing and partnership activities.

The team also continued to build a marketing campaign across mainstream outlets with ads and new landing pages designed to drive subscriber sign-ups, with positive early results that are being used to continually refine the approach and update the product. Legible also invested in development of B2B sales and marketing campaigns targeted at several key industry sectors.

Legible released the third all-digital "Living Cookbook" in the *My Model Kitchen* series, exclusively available to Legible Unbound subscribers, by Ms. Cristina Ferrare. The book release of *My Model Kitchen - Thanksgiving* was celebrated by Cristina in person on the Drew Barrymore Show, on November 25. Legible also completed development of the Christmas edition of *My Model Kitchen*, which was released in early December.

New Partnerships

In Q1 2024, the Company announced partnerships with Android Automotive OS app stores Visteon AllGo and Harman IGNITE. Visteon's AllGo Android Automotive app store provides automakers with leading-edge connected car experiences that can be customized for their customers by brand, model, trim level, or even geolocation. A dedicated portal for automakers includes certified apps that are pre-filtered to the countries where the car company operates and gives them full control over which applications they wish to offer through their own customizable platforms. In a move that aligns with the ever-evolving landscape of in-car entertainment, Legible was the first to offer a vast library of audiobooks through AllGo to drivers and passengers in India and across Asia. Legible also positioned its Android Automotive app to launch into the dashboards of leading automakers that offer millions of cars with Google built-in's automotive services, including Ford, General Motors, Volvo, Honda, Nissan, Renault, and Polestar.

Also in Q1, Legible announced that it had joined forces with Mr. Remo Camerota, award-winning director, artist, and photographer, to create FrAnkensteIn, the third publication in its celebrated AI-powered classics series, following the releases of A Christmas Carol AI and Animal Farm AI. FrAnkensteIn launched in Q3.

In Q2 2024, the publishing team secured a promotional catalogue selection of audiobooks from leading audiobook publisher RBmedia in June, and one from innovative audiobook publisher Blackstone Publishing, both of which will be deployed for automotive and other market promotions.

In Q3 2024, the Company invested $144,419 in a number of strategic marketing campaigns with MarketingCo designed to attract new users and test critical assumptions related to "product-market-fit", marketing language, and operational workflows. The Company's collaboration with MarketingCo was aimed not only to scale website sign-ups, but also to qualify the onboarding and acquisition processes under practical market conditions. The data obtained from these campaigns allowed the Company to refine its approach, better understand its market positioning, and optimize the onboarding process to enhance conversion rates and subscriber retention to Legible's Unbound monthly subscription service.

The Company also announced a new collaboration with Krupp to elevate Legible's presence in the digital reading market, enhance brand recognition, expand its network of celebrity authors, and connect with high net-worth investment individuals. Krupp secured Legible Living Cookbook author Ms. Cristina Ferrare three appearances on The Drew Barrymore Show. The latest Living Cookbook - *My Model Kitchen: Holidays* - was featured on the Drew Barrymore Show on November 27. Krupp secured appearances for Ms. Ferrare on major US talk shows, and placed news about the Living Cookbooks in several online news stories, as well as gaining two celebrity book blurbs for the My Model Kitchen series from Ross Mathews, co-host of the Drew Barrymore Show, and Rosanna Scotto, host of Good Day New York and owner, Fresco by Scotto restaurant. Krupp also secured interviews for Legible CEO Kaleeg Hainsworth, that talked about AI and digital publishing innovation. Krupp continued to pitch both the Living Cookbooks and Legible's newest AI Classic, FrankensteinAI, to news outlets with the goal of securing coverage. Additionally, Krupp undertook a comprehensive branding and messaging exercise that included a review of Legible's past company profile, values, goals, and outward facing communications and analysis of its audience and competitor landscape. This resulted in a new set of campaigns designed to enhance Legible's profile, build large-scale awareness, and drive further engagement with subscribers, B2B partners, celebrity authors, who may wish to be published on the Legible platform, and potential investors.

Legible announced an affiliate program with Slacker Radio, a subsidiary of LiveOne, Inc. that will bring a free audiobook and catalogue of previews, plus a month free promotional offer for an Unbound membership, to their 4 million subscribers.

In Q4 2024, the Company invested a further $157,258 with MarketingCo to conduct additional advertising campaigns and concentrate on expanding its learnings from Q3 by testing new marketing approaches, validating hypotheses derived from the data analyzed, and implemented its first round of conversion rate optimizations. The Company recognized that the process takes time to achieve noteworthy results in terms of paying subscribers, the conversion results improved from the previous phase, but were unfortunately lower than anticipated. Due to a lack of funding to continue, activities with MarketingCo were suspended in latter Q4.

Legible signed a Memorandum of Understanding (MOU) with innovative audio company, CAMB.AI Ltd.

("CAMB.AI"), to initiate the process of adding capability to instantly translate select literature on the Legible platform, making eBooks and audiobooks accessible into 160 languages. In Q1 2025, the Company signed a formal exclusive agreement with CAMB.AI to enhance the digital reading experience, collaborating to advance the Company's future ability to leverage artificial intelligence (AI) on demand to instantly convert millions of eBooks into high-quality audiobooks.

Legible entered into an agreement to provide its Android Automotive app to Twine4Car, the AAOS app store of ACCESS Europe GmbH, a leader in mobile and network software technologies, providing advanced IT solutions to a broad spectrum of industries, including telecom, consumer electronics, broadcast, publishing, automotive, and energy infrastructure.

In Q1 2025, the Company announced that Mr. Aaron Waltke had joined the writing team for *The Excelsiors*, the cornerstone of Stan Lee Universe. This collaboration marks a pivotal step in the journey of Legible and Kartoon Studios, Inc. (NYSE American: TOON), underscoring their commitment of pushing storytelling boundaries and honouring Stan Lee's iconic legacy.

Publishers

In Q1 2024, Legible began onboarding audiobook content from distributor De Marque as the next step in its agreement to distribute De Marque's millions of multi-lingual eBooks and audiobooks in French, Spanish, German, and other languages. The Company also announced an agreement with award-winning audiobook publisher Dreamscape Media to distribute its outstanding audiobook catalogue.

In Q2, Legible began onboarding audiobook content from the world's largest audiobook publisher, RBmedia, as well as from award-winning audiobook publisher Dreamscape Media.

Appointment of Key Advisors

On January 29, 2024, Legible appointed Ms. Kathryn Marino, President of Orange County Fashion Week® and founder of the OC Fashion Council, as a Strategic Advisor to the Company. Ms. Marino has a proven skillset in boosting brands and sales, resulting in record partner accounts at national and regional levels as well as creating strong partnerships.

Outlook

Legible was founded on and remains grounded in the core values of accessibility and sustainability. The Company's research indicates that this approach will open international market opportunities through literacy and education partnerships while providing a home for marginalized languages, cultures, and voices. Many consumers have an interest in spending money with an organization that makes a positive impact, and Legible's ultimate mission is to improve global access to literacy while removing the need for e-readers that contribute to e-waste and print books that contribute to deforestation.

The Company's focus for the coming months is to increase its user base and generate monthly recurring revenue, as well as consolidate and grow the significant partnerships it has forged. The Company is continuing to raise funds via equity and/or debt financings to strengthen its balance sheet and advance the remaining product development initiatives.

(Expressed in Canadian Dollars)

SELECTED ANNUAL INFORMATION

The following table summarizes selected audited financial information of the Company from the last two years ended December 31, 2024, and 2023:

	December 31, 2024 $	December 31, 2023 $
Revenue	**80,669**	**53,445**
Net loss for the year ended	**4,749,513**	**4,797,737**
Basic and diluted loss per share	**0.04**	**0.04**
Cash	**38,790**	**74,831**
Total assets	**69,015**	**141,122**
Non-current liabilities	**1,742,851**	**99,933**

RESULTS OF OPERATIONS

YEAR END FINANCIAL RESULTS for the YEAR ENDED DECEMBER 31, 2024

For the year ended December 31, 2024, the Company recorded a net loss of $4,749,513, or $0.04 per share, compared with a net loss of $4,797,737, or $0.04 per share, for the year ended December 31, 2023. Operating expenses for the year ended December 31, 2024, decreased to $4,280,808, compared with $5,299,734 for the previous period in 2023. Expenses were reduced and continued for the balance of the year as funding was tight and the business operated on a "keep the lights on" basis, unfortunately. Key changes for the year ended December 31, 2024, compared to 2023, included the following:

- **Revenues** - increased to $80,669 (2023 - $53,445), which was comprised of Legible Publishing Services ("LPS") revenues of $38,758 (2023 - $51,872), e-book sales of $78 (2023 - $769), and subscriptions of $41,833 (2023 - $804).

- **Cost of sales** - were $55,665 (2023 - $35,757), which included LPS production costs of $27,181 (2023 - 34,682, royalties paid to publishers of $150 (2023 - $561), and subscriptions costs of $28,334 (2023 - $514).

- **Consultants** - decreased to $449,017 (2023 - $652,487), due to reduced data analytics development - $30,000 (2023 - $51,493) ; capital markets advisory - $132,533 (2023 - $133,000); quality control work on product releases - $693 (2023 - $8,880); and AI development work and integration of AI technologies within the Company's technology platform - $45,650 (2023 - $133,500). Included was work on the early development of the unseen Stan Lee properties that included brand strategy, editorial, and creative guidance - $43,834 (2023 - $10,819); business development in the European markets, translation of news releases, and communications to the Company's foreign investors - $53,335 (2023 - $52,743); brand awareness, and social media content creation - $9,900 (2023 - $nil); business development focused on the US, UK, and Europe, work with the comic book industry, and developing unseen Stan Lee properties - $164,575 (2023 - $120,180).

  The comparative period included sales tax consulting - $43,693; business development - $39,500; and a reduction of fees for $35,143 with Pound & Grain Digital Inc. that was recorded in the current year.

- **Directors' fees** - decreased to $nil (2023 - $60,000). The independent directors agreed to terminate their fees as of October 31, 2023 and all fees incurred to date have been converted into equity financings.

- **General and administrative** - increased to $389,439 (2023 - $332,444) primarily due directors and officers liability, commercial general liability, and cyber-security insurance premiums - $221,510 (2023 - $177,590); licensing fees with a technology company that enhances the visual appeal of digital books - $30,805 (2023 - $29,276); unrealized foreign exchange losses on transactions that pertained to US & Euro based vendors that have not yet settled and been recognized - $56,147; attendance at investor conferences, investor meetings, book fairs, and associated travel - $31,066 (2023 - $63,560); and general office expenses - $31,743 (2023 - $32,479).

- **Interest** - increased to $783,501 (2023 - $419,318) primarily due to the credit facility with Venbridge Ltd. - $206,204 (2023 - $174,183); promissory notes and bridge loans - $332,938 (2023 - $120,085); convertible debentures - $226,172 (2023 - $87,064); Department of Finance of Canada, and Ministry of Finance of BC - $30,808 (2023 - $21,713).

- **Investor relations** - decreased to $160,445 (2023 - $261,301) primarily due to reduced investor relations activities - $54,233 (2023 - $76,910); news release communications - $10,456 - (2023 - $47,191); OTCQB annual maintenance fees - $21,575 (2023 - $33,520) due to a favourable foreign exchange; and market liquidity services - $72,000 (2023 - $73,000); and investor analytics - $883 (2023 - $28,788). On-going support continued on a restrained basis for the business within the investment and publishing communities through communications with brokerage firms, institutions, portfolio managers, capital markets professionals, the retail public, and publishing industry executives and veterans.

- **Marketing and advertising** - increased to $455,132 (2023 - $178,431) primarily due to a commitment with MarketingCo - $301,677 (2023 - $nil), which launched major advertising campaigns, designed to scale website sign-ups and anticipated significant number of paying subscribers. In addition, the Company contracted services with Krupp, for $95,393 (2023 - $nil), a renowned New York PR and marketing agency, to elevate its presence in the digital reading market, enhance brand recognition, and expand its network of celebrity authors, and high net-worth investment individuals. Also, work continued with Get Fresh Ventures Growth Advisory Inc. - $10,550 (2023 - $48,189) to strategize on ways to develop revenue streams through specific marketing campaigns. Furthermore, the Company engaged a company to develop professional branded template designs for its email campaigns to attract new subscribers and investors; and engaged a consultant to follow up on these communications along with reaching out to numerous targeted high-level contacts across varied sectors - $16,902 (2023 - $nil).

  The comparative period included a targeted marketing campaign with its GO READ partnership with Metrolinx ($152,048). In addition, $27,500 was recorded as a recovery from fees that were billed from a media organization in the previous year.

- **Professional fees** - decreased to $171,640 (2023 - $399,175) due to reduced legal work associated with the Company being public, ongoing corporate matters, and correspondence with Canadian and US authorities regarding trademark applications that were filed - $103,141 (2023 - $138,199); and the balance due to an over-accrual of audit and tax filing fees that were corrected in the current period when the Company shifted to DMCL, LLP from KPMG, LLP as the Company's independent auditor.

- **Salaries, wages, and benefits** - decreased to $1,197,248 (2023 - $1,435,951) as the Company operated most of the current year with a staff complement of 8 employees, 1 of which was part-time. The comparable period had a staff complement of 11 employees, 2 of which were part-time.

- **Share-based compensation** - the Company uses stock options as a means for employee, director, officer, consultant and advisor compensation, retention, and incentives. The fair value of options recognized has been estimated using the Black-Scholes valuation of stock options. The Company recorded an expense of $252,939 (2023 - $912,403) for stock options granted to directors, officers, employees, consultants, and advisors.

  Software development - decreased to $199,800 (2023 - $303,361) as costs in latter 2024 have been reduced to licensing fees only primarily due to the Company's inability to service the outstanding liability on a timely basis. The Company invested heavily in development of its mobile and web apps for Android and IOS, which allowed for offline reading and listening anywhere, and anytime of its eBooks and audiobooks library. The Company partnered with a specialized third-party technology firm by leveraging their expertise to drive the development forward, that resulted in the significant growth in development earlier in the year and reflected the Company's strategic investment in its digital platform.

- **Software subscriptions and hosting fees** - decreased to $192,466 (2023 - $302,174) due to a reduction in software application subscriptions supporting the operations platform, and website hosting and storage fees. Costs included data integrity protection; cybersecurity monitoring; data analytics software; a cloud-based tool that optimizes book metadata management processes and manages the Company's book catalogue; and a tool that facilitates ingestion of ePub files to onboard all existing and incoming books from publishers and distributors.

- **Transfer agent and filing fees** - decreased to $29,181 (2023 - $30,387) due to reduced regulatory and financing activities.

<u>Payables to equity conversions</u>

$133,511 (2023 - $1,882,900) was converted into equity throughout the year.

<u>Net operating cash outflows</u>

For the year ended December 31, 2024, the Company's net operating cash outflows were $2,185,556, compared to $2,844,610 for the previous year.

The decrease in operating expenses was mainly attributed to lower costs regarding consultants; investor relations; professional fees; salaries, wages, and benefits; software development; software subscriptions and hosting fees; and transfer agent and filing fees, which were partially offset by increased general and administrative; and marketing.

(Expressed in Canadian Dollars)

SUMMARY OF QUARTERLY RESULTS

The following is summary of the Company's financial results for the eight most recently completed quarters:

	Three Months Ended Dec. 31, 2024 $	Three Months Ended Sep. 30, 2024 $	Three Months Ended Jun. 30, 2024 $	Three Months Ended Mar. 31, 2024 $	Three Months Ended Dec. 31, 2023 $	Three Months Ended Sep. 30, 2023 $	Three Months Ended Jun. 30, 2023 $	Three Months Ended Mar. 31, 2023 $
Revenue	28,389	23,111	9,220	19,949	14,154	10,356	18,352	10,583
Net loss	1,516,428	1,180,020	952,690	1,100,375	1,322,180	1,588,740	670,263	1,216,554
Basic & diluted loss per share	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01

FINANCIAL RESULTS for the THREE MONTHS ENDED DECEMBER 31, 2024

For the three months ended December 31, 2024, the Company recorded a net loss of $1,516,428, or $0.02 per share, compared with a net loss of $1,322,180, or $0.01 per share, for the three months ended December 31, 2023. Operating expenses for the three months ended December 31, 2024 decreased to $1,031,361, compared with $1,328,266 for the comparative period in 2023. Activities were reduced significantly or eliminated entirely across the organization due to the lack of adequate funding and with limited revenues being generated. Key changes for Q4 2024, compared to Q4 2023, included the following:

- **Revenues** - increased to $28,389 (2023 - $14,154) from LPS during the quarter which generated $4,820 (2023 - $13,306), ebook sales of $nil (2023 - $44), and subscriptions sales of $23,569 (2023 - $804).

- **Cost of sales** - were $19,747 (2023 - $8,068), which included LPS productions costs of $3,374 (2023 - $7,526), royalties paid to publishers of $nil (2023 - $28) and subscriptions costs of $16,373 (2023 - $514).

- **Consultants** - decreased to $93,213 (2023 - $135,481). The comparable period included costs for the development of the Company's data analytics infrastructure; which were absent in the current period. Included was business development focused on the US, UK, and Europe, work with the comic book industry, and guidance developing unseen Stan Lee properties - $42,108 (2023 - $41,034); capital markets advisory - $33,350 (2023 - $18,000); business development, translation of news releases, and other communications to the Company's foreign investors - $13,463 (2023 - $13,265); and social media content creation - $3,600 (2023 - $nil).

- **Directors' fees** - decreased to $nil (2023 - $6,000). The independent directors cancelled their fees as of October 31, 2023.

- **General and administrative** - increased to $132,359 (2023 - $106,775) predominantly due to directors and officers liability, commercial general liability, and cyber-security insurance premiums - $53,266 (2023 - $43,961); license fees with a technology company that enhances the visual appeal and layout of digital books - $7,733 (2023 - $7,355); unrealized foreign exchange losses on transactions that pertained primarily to US-based vendors that have not yet settled and been recognized - $47,283; and travel and registration costs regarding shareholder meetings and investor conferences - $21,238 (2023 - $26,257).

- **Interest** - increased to $274,320 (2023 - $100,959) primarily due to the credit facility - $54,980 (2023 - $46,455); promissory notes and bridge loans - $43,294 (2023 - $32,752); and convertible debentures $172,611 (2023 - $5,669). The balance of $4,414 (2023 - $16,083) predominantly due to interest from CRA, and the Ministry of Finance.

- **Investor relations** - decreased to $17,193 (2023 - $61,052) primarily due to reduced investor relations activities, and the forgiveness of fees from the previous quarter that were outstanding with the conclusion of the engagement with Investor Cubed Inc., a provider of investor relations and shareholder communication services. Costs were incurred for market liquidity services that provided market stability for the Company's common shares, limited investor communications, OTCQB maintenance fees, and news release communications.

- **Marketing and advertising** - increased to $262,336 (2023 - $35,558) primarily due to the Company's engagement with MarketingCo, a marketing company with proprietary algorithms. In Q4 2024, the Company invested $157,258 (2023 - $nil) in strategic marketing campaigns with MarketingCo designed to attract new users and test critical assumptions related to "product-market-fit", marketing language, and operational workflows. The Company's collaboration with MarketingCo was aimed not only to scale website sign-ups, but also to qualify the onboarding and acquisition processes under practical market conditions. The data obtained from these campaigns allowed the Company to refine its approach, better understand its market positioning, and optimize the onboarding process to enhance conversion rates and subscriber retention to Legible's Unbound monthly subscription service. In addition, the Company incurred $64,660 (2023 - $nil) with Krupp, a New York PR and marketing agency to elevate its presence in the digital reading market, enhance brand recognition, and expand its network of celebrity authors, and high net-worth investment individuals. Furthermore, the Company engaged a company to develop high-quality and professional branded template designs for its email campaigns to attract new subscribers and investors; and engaged a consultant to follow up on these communications along with reaching out to numerous targeted high-level contacts across varied sectors - $15,802 (2023 - $nil).

  The comparative period included a targeted marketing campaign with its GO READ partnership with Metrolinx ($20,833), and work with Get Fresh Ventures ($11,979) to strategize on ways to develop revenue streams through specific marketing campaigns.

- **Professional fees** - decreased to $34,182 (2023 - $90,159) due to an over-accrual of audit and tax filing fees regarding moving to DMCL, LLP from KPMG, LLP which was corrected during the period; and reduced legal fees associated with on-going corporate matters. The comparative period included fees for US trademark work.

- **Salaries, wages, and benefits** - decreased to $268,761 (2023 - $311,995). The comparable period had a staff complement of 11 employees, 2 of which were part-time. Staffing in the current period was reduced to 8 employees, 1 of which was part-time.

- **Share-based compensation** - non-cash share-based compensation of $(86,938) (2023 - $229,966) was recorded of reversing the warrants repricing overstated and the stock options recorded for directors, officers, employees, consultants, and advisors.

- **Software development -** decreased to $(9,528) (2023 - $116,789) as the Company's costs have been reduced to only licensing fees.

- **Software subscriptions and hosting fees** - decreased to $39,390 (2023 - $105,649) primarily due to a reduction in website hosting and storage fees; and software subscription costs. Included were core software applications supporting the operations platform; data integrity protection; and cybersecurity monitoring.

- **Transfer agent and filing fees** - decreased to $6,073 (2023 - $6,709) due to reduced regulatory associated costs.

Net operating cash outflows

For the three months ended December 31, 2024, the Company's net operating cash outflows were $389,159, compared to $667,639 for the previous year.

The decrease was mainly attributed to lower costs that pertained to consultants; investor relations; professional fees; salaries, wages, and benefits; software development; software subscriptions and hosting fees; and transfer agent and filing fees, which were partially offset by increased general and administrative; and marketing.

SUBSEQUENT EVENTS

In January 2025, the Company issued 885,714 common shares at $0.07 per common share valued at $62,000 regarding the conversions of convertible debentures that were purchased on July 16, 2024.

Also, in January, the Company issued 38,643 common shares at $0.06 per common share valued at $2,319 in settlement of the second quarter interest indebtedness regarding the convertible debentures that were issued on July 16, 2024.

From January to April, 2025, the Company received bridge loans for $80,846, and in April, short-term loans were received for $71,270 from directors and an officer. The bridge loans have commitment fees of 10% and interest of 15% per annum, and the short-term loans have $nil commitment fees and do not bear interest. $1,200 of the outstanding short-term loans was repaid to a director.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2024, the Company had a working capital deficit of $4,334,575 (2023 - $2,867,303), with cash of $38,790 (2023 - $74,831).

All cash is held with Schedule A banks either in deposit accounts, and the Company has no joint ventures with any parties that may potentially create derivative or hedge risk.

The Company has insufficient working capital to meet its ongoing operating and general administrative expenditures over the next twelve months and will need to rely on debt and/or equity financings and revenue generation.

The consolidated financial statements have been prepared on a going-concern basis, which contemplates that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not achieved scalable commercialization of its products.

As of December 31, 2024, the Company had limited revenue and generated negative cash flows from operating activities. The continued operations of the Company are dependent on its ability to generate future cash flows, or obtain additional financing. The Company had a working capital deficit noted above, and an accumulated deficit of $32,114,657 (2023 - $27,365,144) since inception. Management has determined, in making its assessment, that these events or conditions create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going-concern.

The Company's ability to continue as a going-concern depends on its ability to generate product sales, complete additional financings, and ultimately, attain and maintain profitable operations. While the Company is striving to act on these initiatives, there is no assurance that these and other strategies will be successful or sufficient to permit the Company to continue as a going-concern.

OPERATING ACTIVITIES

For the year ended December 31, 2024, the Company's operating activities used cash of $2,185,556, compared with cash used of $2,844,610 for the year ended December 31, 2023.

These cash outflows are attributable to the general operations of the Company relating to the Company's net loss as well as the Company's changes in working capital items.

FINANCING ACTIVITIES

For the year ended December 31, 2024, the Company's financing activities provided the Company with $2,149,515, compared to $2,769,002 for the year ended December 31, 2023.

The Company issued common shares and received gross proceeds of $nil (2023 - $2,499,895). In connection with the common shares issuance, the finders received fees in the aggregate amount of $2,880 (2023 - $121,986). The Company received $56,013 (2023 - $4,247) for warrants exercised at $0.07 (2023 - between $0.10 and $0.20).

For the year ended December 31, 2024, the Company received bridge loans for $1,208,827 (2023 - $820,659), with commitment fees of 10%, and annual interest rates ranging of 15%. An aggregate of $285,775 (2023 - $286,664) of loans were repaid and $544,625 (2023 - $436,065) were converted into equity and convertible debenture offerings by the Company, for the year ended December 31, 2024.

These cash outflows were primarily attributable to the costs incurred to develop the Company's platform.

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. Key management personnel consists of the Company's Board of Directors, corporate officers, and a significant shareholder.

Key management personnel appointed were as follows:

- Chief Executive Officer ("CEO") - Kaleeg Hainsworth.
- Chief Operations Officer ("COO") and Chief Publishing Officer ("CPO") - Angela Doll.
- Chief Financial Officer - Ed Duda ("CFO").
- Chief Technology Officer - Andrew Nelson ("CTO").
- Board of Directors - Kaleeg Hainsworth; and current independent directors - David Van Seters and

(Expressed in Canadian Dollars)

Shannon Kaustinen.
- Significant shareholder - Jaret Wilson

Transactions with related parties that are included in the consolidated statement of loss and comprehensive loss for the years ended December 31, 2024, and 2023, were made in the normal course of operations and are summarized as follows:

	December 31, 2024 $	December 31, 2023 $
Consultants and directors' fees	**-**	60,000
Salaries, wages, and benefits	**496,785**	463,006
Share-based compensation	**75,567**	233,084
	572,352	756,090

As of December 31, 2024, $91,348 (2023 - $11,130) was outstanding to key management personnel regarding employment and consulting agreement commitments which were recorded in due to related parties. For the year ended December 31, 2024, and 2023, the Board of Directors issued nil (2023 - 746,970 shares with a value of $78,000) shares for services rendered.

The Company had the following related-party transactions for the years ended December 31, 2024, and 2023:

(1) During the years ended December 31, 2024, and 2023, the Company incurred $155,524 (2023 - $155,190) to the CEO; $155,524 (2023 - $152,658) to the COO/Current CPO; $155,524 (2023 - $155,158) to the CFO; and $30,213 (2023 - $nil) to the CTO.

(2) For the year ended December 31, 2024, the two independent directors received an aggregate of $nil (2023-$60,000) in director fees that were converted into equity financings.

(3) The fair value of share-based compensation is measured at the grant date using the Black Scholes option valuation model and is recorded as an expense in the consolidated statement of loss and comprehensive loss over the vesting period of the options. During the years ended December 31, 2024 and 2024, the Company incurred $19,968 (2023 - $99,657) to the CEO; $22,292 (2023 - $84,947) to the COO/Current CPO; $7,746 (2023 - $11,020) to the CFO; $25,561 (2023 - $nil) to the CTO; and $nil (2023 - $30,414) to the Board of Directors.

During the year ended December 31, 2024, 600,000 (2023 - 600,000) options at $0.14 were granted to key management personnel.

FINANCIAL RISK MANAGEMENT OBJECTIVES and POLICIES

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

(a) Credit risk - The Company's financial assets are cash, and amounts receivable. The maximum exposure to credit risk, as at the period-end, is the carrying value of their financial assets. The Company holds its cash in a bank account with a highly rated Canadian financial institution, therefore, minimizing the Company's credit risk in respect to its cash.

(b) Liquidity risk - The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors its forecasted and actual cash flows as well as any anticipated investing, and financing activities. The Company, currently, does not have recurring revenue, and is working diligently on securing additional funding to meet short-term financial obligations after considering its operating obligations and cash on hand.

As of December 31, 2024	On Demand $
Accounts payable and accrued liabilities	**2,683,128**
Credit facility	**640,737**
Loans payable	**862,149**
Current portion of convertible debt	**126,228**
Due to related parties	**91,348**

(c) Market risk - The risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's main activities have been transacted in Canadian dollars for the year ended December 31, 2024. As such, the Company has minimal market risks.

(d) Concentration risk - The risk occurs when the revenue has a significant exposure to a particular customer that contributes more than 10% of total revenues. During the year ended December 31, 2024, the Company had two major customers each contributing more than 10%, as summarized below:

	December 31, 2024	December 31, 2023
Customer A	**64%**	47%
Customer B	**-%**	17%
Customer C	**14%**	12%

CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long-term operating needs. The ability to continue as a going concern is essential to the Company's goal of providing returns to shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity. The Company manages its capital structure based on the level of funds available to the Company to manage its operations and in light of economic conditions. The Company balances its overall capital through new share or debt issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to externally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the year. These objectives and strategies are reviewed on a continuous basis.

FUTURE ACCOUNTING STANDARDS

IFRS 18, Presentation and Disclosure of Financial Statements ("IFRS 18"): In April 2024, the IASB issued IFRS 18 to bring more transparency and comparability to the financial performance of companies, enabling investors to make better investment decisions. IFRS 18 introduces three sets of new requirements: improved comparability of the profit or loss statement (statement of income), improved transparency of management-defined performance measures, and more useful grouping of information in financial statements. IFRS 18 will replace IAS 1, Presentation of Financial Statements. This standard becomes effective for years beginning on or after January 1, 2027, and companies may apply it earlier subject to authorization by relevant regulators. The

Company is assessing the impacts of adopting IFRS 18.

OTHER MD&A REQUIREMENTS

Disclosure Controls and Procedures

Management is responsible for the preparation and integrity of the Financial Statements and maintains appropriate information systems, procedures, and controls to ensure that information used internally and disclosed externally is complete and reliable. Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

Readers are cautioned that the Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation. The inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52- 109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements for the year ended December 31, 2024, and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its Filings on SEDAR+ at Sedarplus.ca.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company. If any such risks actually occur, the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The Company will face a number of challenges in the development of its business.

Prospects for companies in the technology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in technology companies should be regarded as highly speculative. An investor should carefully consider the risks and uncertainties described below. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any one or more of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's shares could decline.

If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. Potential investors should consult with their professional advisors to assess an investment in the Company.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Risks Related to Capitalization and Commercial Viability

The Company will require additional capital to continue to develop its platform, obtain further content licensing, and secure revenue. Should further financing not be completed, there is a risk that the Company will not have the capital required to expand the business and further develop the platform and obtain content. If the Company does not obtain additional capital for investment, then there is a presumed risk to the commercial viability of its platform. Further, if further financing is not completed, the Company may be required to raise additional capital from existing and new sources through private placements.

Risks Related to Additional Financing

The Company will require additional equity and/or debt financings and revenue generation to execute the Company's growth strategy. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially acceptable to the Company. The Company's growth may be limited if it is unable to raise financing in order to support ongoing operations and therefore will have an adverse impact on the financial results of the Company.

Should the capital obtained upon completion of future financings be sufficient to fund the Company's current operations, there is no guarantee that the Company will be able to achieve its business objectives. There is no assurance that the capital used to invest in the Company's personnel, systems, procedures, and controls will ensure the Company's objectives. The Company may require additional financings beyond that acquired previously and if so, there is no assurance that the financing obtained will be on terms that are favourable to the Company.

Risks Related to Growth Strategy Execution

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

Risks Related to Uncertainty and Adverse Changes in Consumer Reading Habits

The success of the Company is contingent on its consumer base perceiving more value in the Company's platform compared with existing eBook and audiobook platforms and physical books. While the eBook and audiobook market and its sales compared with physical books continue to increase, should consumer reading habits shift away from eBooks and audiobooks, demand for the Company's platform may decrease.

Risks Related to the Ability to Attract New Customers, Retain Existing Customers and Grow Revenues

To achieve profitability and increase revenues, the Company must regularly obtain new customers or increase the scope of services provided to existing customers. A variety of factors may impede these efforts including ineffective marketing campaigns, lack of content to market to new and existing customers, lack of perceived value of the Company's platform by potential customers or the Company being unable to attract and retain quality sales and marketing personnel.

Risks Related to Increased Competition

As market demand for eBooks and audiobooks grows, publishers, and existing eBook and audiobook platforms will seek ways to increase market share and provide their customers with sought-after digital media content. As such, existing companies and new entrants will continue to create and refine technology to provide this content.

The increase in market entrants may decrease the market share for the Company, which may have an adverse impact on the Company's operations. The creation or refinement of digital technology that consumers view as more cost efficient or superior to the Company's platform will also impact the Company adversely.

Risks Related to Cyber Security and Data Protection

As an online platform, there is risk of cyber-attacks, technology issues, and changes to global legislation for data management. To mitigate cyber risks, the Company has engaged, and will continue to regularly engage with, third-party security partners to conduct penetration and other testing/auditing of the Company's platform, and to act on the recommendations provided. In preparation to expand outside of North America, the Company has also engaged third-party services to audit General Data Protection Regulation (GDPR) and other data protection mechanisms to ensure compliance and provide recommendations for improvements.

Risks Related to Limited History of Operations

The Company is in an early stage of development, has a limited history of operations, and operates in a new and rapidly-evolving market. As such, the Company is subject to many risks common to start-up enterprises and its viability must be viewed against the background of such risks. Such risks include under-capitalization, cash shortages, limitations with respect to personnel, and lack of revenues, and financial and other resources. There is no assurance that the Company will develop its business profitably, and the likelihood of success of the Company must be considered in light of the Company's early stage of operations.

Risks Related to Changing Technology

The Company's ability to attract new users of its software and increase revenue from existing users depends in large part on its ability to enhance and improve its products, introduce new features and services in a timely manner, sell into new markets, and further penetrate existing markets. If the Company is unable to do so, its revenue will not grow as expected. Moreover, the Company is required to enhance and update its products and services as a result of changing standards and technological developments, which makes it difficult to recover the cost of development and forces the Company to continually qualify new features with its users.

Risks Related to Defects, Bugs, or Errors

The Company has quality controls in place to detect defects, bugs, or other errors in its products and services before they are released, however, these quality controls are subject to human error, overriding, and resource or technical constraints. As such, these quality controls and preventative measures may not be effective in detecting all defects, bugs, or errors in their products and services before they are released into the marketplace. The release of products or services with significant defects, bugs, or errors could damage the Company's reputation, brand, and sales.

Risks Related to Reliance on Key Personnel

Given the complex nature of the technology on which the Company's business is based and the speed with which such technology advances, the Company's future success is dependent, in large part, on its ability to attract and retain highly qualified managerial, technical, and sales personnel. Competition for talented personnel is intense, and no assurance can be given that the Company will retain its managerial, technical, and marketing personnel or that it can attract, assimilate, or retain such personnel in the future. As the Company's business grows, it will require additional key financial, administrative, marketing, and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Risks Related to Inability to Protect Technology

There can be no assurance that the steps taken by the Company to protect its technology will be adequate to prevent misappropriation or independent third-party development of the Company's technology. It is possible that other companies could duplicate an eBook and/or audiobook platform similar to that of the Company.

Risks Related to Potential Intellectual Property Claims

The Company may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle, and could divert management resources and attention. An adverse determination, also, could prevent the Company from offering its products and services to others and may require that it procure substitute products or services for these members or obtain additional licenses. The Company may also be required to develop alternative non- infringing technology, which could require significant effort and expense. If the Company cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively.

Risks Related to Market Trends and Global Political Issues

Changing broader financial conditions including the market's expectations for continued pressure on interest rates fueled by the rise in inflation, along with the Russian invasion of Ukraine, the Israeli/Hamas conflict, and the implications of the US tariff war have continued to drive a rotation by investors into value versus growth-oriented equities. The best performing sectors in Canada were energy and materials, and the worst performing sectors were information technology, commodities, and metals. Under the current uncertain and fast-changing macroeconomic, financial, and geopolitical environment, investor sentiment, and appetite for technology companies, especially those not yet reporting free cash flows, have been negatively impacted as reflected in their lower market valuation, resulting in a more difficult capital raising environment and a higher cost of capital.

Risks Related to Evolving Business Model and its Services and Products Could Change

To stay current with the industry, the Company's business model may need to evolve as well. From time to time, it may modify aspects of the Company's business model relating to Company's product mix and service offerings. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. The Company may not be able to manage growth effectively, which could damage the Company's reputation, limit the Company's growth, and negatively affect its operating results.

Risks Related to Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting a transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC and Alberta) ("Corporations Act") dealing with any conflict of interest. These provisions state that where a director is in such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter, unless otherwise permitted by the Corporations Act. In accordance with the laws of the Provinces of British Columbia and Alberta, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services, or products that the Company believes are strategic. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service, or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services, or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

In the future, the Company may invest in new business strategies, acquisitions and/or joint ventures. New ventures are inherently risky and may not be successful. In evaluating such endeavours, the Company must make difficult judgments regarding the value of business strategies, opportunities, technologies, and other assets, and the risks and cost of potential liabilities. Furthermore, acquisitions and investments involve certain other risks and uncertainties, including the risks involved with entering new competitive categories or regions, the difficulty in integrating newly-acquired businesses, the challenges in achieving strategic objectives and other benefits expected from acquisitions, investments or joint ventures, the diversion of the Company's attention and resources from its operations and other initiatives, the potential impairment of acquired assets and liabilities, the performance of underlying products, capabilities or technologies and the potential loss of key employees and customers of the acquired businesses.

Risks Related to Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of technology companies have historically been highly volatile. Factors such as fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or competitors, and other factors could have a significant effect on the share price or trading volumes for the Company shares. The Company has not paid dividends to date and the Company does not expect to pay dividends in the near future.

Risks Related to No Assurance of an Active Trading Market

There can be no assurances that an active trading market in the Company shares on the CSE will be sustained.

Risks Related to Equity Dilution to Shareholders

The issuance of any equity securities could, and the issuance of any additional shares will, cause the Company's existing shareholders to experience dilution of their ownership interests. Any additional issuance of shares or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Company's shares.

Risks Related to Value of Securities

The value of the Company's shares may be reduced for a number of reasons, some of which are outside the control of the Company, including:

- General economic conditions in Canada, the United States, and globally;
- Failure to achieve desired outcomes by the Company;
- Failure to obtain industry partners and other third-party consents and approvals, when required;

- Stock market volatility and market conditions;
- Competition for, among other things, capital, and skilled personnel;
- The need to obtain required approvals from regulatory authorities;
- Revenue and operating results failing to meet expectations in any particular period;
- Investor perception;
- Limited trading volume of the Company's shares;
- Announcements relating to the Company's business or the businesses of the Company's competitors; and
- The Company's ability, or inability to raise additional funds.

Risks Related to Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly, and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and operational results. The Company may need to hire additional employees to comply with these requirements, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations, operational and financial performance and business prospects and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information.

All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward looking statements and information involve significant risks, assumptions, uncertainties, and other factors that may cause actual future performance, achievement, or other realities to differ materiality from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement, or realities. Although the forward-looking statements and information contained in the MD&A reflect management's current beliefs based on information currently available to management and based on what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events, or results not to be as anticipated, estimated, or intended. Further, any forward-looking statements and information contained herein are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. All forward-looking statements and information disclosed in this MD&A, are qualified by this cautionary statement.

CORPORATE GOVERNANCE

The Company's board of directors and its committees adhere to recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current board of directors is comprised of three individuals, two of whom are independent of management as they are neither executive officers nor employees of the Company. The Audit Committee is currently comprised of three directors, two of which are independent of management and have strong financial backgrounds.

The Audit Committee's role is to ensure the integrity of the Company's reported financial results through its review of the interim and audited annual financial statements prior to their submission to the board of directors for approval. The Audit Committee meets with management, at least, quarterly to review the consolidated financial statements, as well as the management discussion and analysis (MD&A), and to discuss financial, operational, and other important matters.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares (Class A)

As at April 30, 2025, the Company had 141,101,803 common shares issued and outstanding (December 31, 2024 - 140,177,446).

Warrants

As at April 30, 2025, the Company had 30,647,706 warrants outstanding (December 31, 2024 - 30,647,706).

Options

As at April 30, 2025, the Company had 11,610,000 stock options outstanding (December 31, 2024 - 11,610,000).

Convertible debenture shares

As at April 30, 2025, the Company has reserved 25,871,271 shares to be issued should the holders elect to convert the convertible debentures into common shares (December 31, 2024 - 26,756,985).

Fully Diluted

As at April 30, 2025, on a fully diluted basis, the share capital outstanding was 209,230,780 (December 31, 2024 - 209,192,137).

APPROVAL

The Board of Directors of the Company have approved the audited Financial Statements, and the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR+ at Sedarplus.ca and on the Company's website at Invest.Legible.com.