Legible Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

(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 29, 2024, 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, 2023, 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, 2023, 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 browser-based 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 e-readers 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) "Living Books" - exclusive and original to Legible - which will create new partnerships and unique publishing opportunities in the industry.

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 launched a number of key products in 2023, in addition to its current offering of a la carte book purchases in the US, Canada, the UK, Ireland, and the rest of the world. These launches included Legible's mobile and web apps for Android and IOS, now available on all app stores, allowing for offline reading and listening anywhere, anytime, and its LibrarianAI conversational ecommerce book discovery product.

Along with its apps and LibrarianAI, Legible also launched its audiobook catalogue in May, and in September released its Membership Plan offering, Legible Unbound (platform for unlimited listening and reading), which offers unlimited access to audiobook and eBook titles in the Legible subscription catalogue, including Living Books and AI-powered classics developed by Legible Publishing.

Legible built on its app release by developing an Android Automotive app, which was requested by BMW for inclusion in its new in-car offering, leading to a partnership with Android Automotive app store provider Faurecia Aptoide Automotive, LDA ("Faurecia Aptoide"), and subsequent invitations to partner from other Automotive app stores including Harman Ignite and Visteon, between them representing a number of major automakers and millions of drivers and passengers.

Legible Publishing developed and released several AI-based offerings that allow readers to converse with their book, including the first two books in a series of AI-powered classics. It also developed the Living Cookbook, “My Model Kitchen – Volume 1: Pasta”, the first in a series of 15 multi-media and AI-enriched cookbooks by former supermodel, TV host and celebrity chef, Cristina Ferrare, which was released in February 2024.

Legible invested in significant AI innovations throughout the year. The Company developed and launched one of the conversational ecommerce book discovery search tools for addition to Legible’s ebookstore, called the LibrarianAI. Building on this AI-powered innovation, the Company produced and released the first in a series of interactive AI classics, with the debut of *A Christmas Carol*, and preparation of the next eBook in the series, *Animal Farm AI*, released in January 2024, with monthly releases of original AI-powered classics to follow.

Legible built and launched significant B2B partnerships, including major app stores and automakers in the automotive sector, as well as developing an Android Automotive app and a streaming delivery system, both of which are designed to expand visibility and marketing opportunities for its Unbound membership service through app stores and other ways to reach millions of drivers and passengers worldwide.

All of these products are being positioned for large-scale B2C and B2B marketing campaigns in 2024, contingent on obtaining adequate financing.

Struggles

Due to a challenging investment and economic environment for tech, small cap stocks, and general spending as high interest rates and increasing costs of living dampened both investor and consumer spending power, Legible had to fight hard to raise enough capital to complete certain development of its core products. This resulted in a later release of the Unbound membership program.

To achieve profitability and increase revenues, 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. The Company has not been able to implement a comprehensive brand awareness and marketing campaign, which is most critical for success, as it has not been able to raise adequate funds to proceed. Legible’s revenue growth expectations are now focused on executing in 2024.

Despite tough economic conditions, Legible’s management and development teams succeeded in producing and releasing several products, including its AI-powered books, the first Automotive app to offer both eBooks and audiobooks. In addition, the Company continues to build new partnerships with major publishers.

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 January 10, 2023, Legible received DTC (Depository Trust Company) eligibility approval that its common shares are eligible for electronic clearing and settlement in the U.S. On January 25, 2023, Legible qualified to trade on the OTCQB Venture Market under the symbol LEBGF.

On February 2, Legible closed its first tranche of an equity financing for gross proceeds of $438,100 (less finder's fees of $2,420 for net proceeds of $435,680; $18,000 of which was the settlement of outstanding indebtedness). Legible opted not to proceed with the second tranche.

On June 6, Legible closed its first tranche of an equity financing for gross proceeds of $758,603; $481,553 of which was the settlement of outstanding indebtedness.

On June 14, Legible announced that it closed the second tranche of the financing for gross proceeds of $612,780, which included $163,550 in settlement of outstanding indebtedness.

On July 28, Legible closed its third and final tranche of the financing for gross proceeds of $1,000,000 (less finders fees of $64,960 for net proceeds of $935,040; $116,440 of which was the settlement of outstanding indebtedness).

On October 20, Legible closed an equity financing for gross proceeds of $741,605 (less finders fees of $29,397 for net proceeds of $712,208; $128,650 of which was the settlement of outstanding indebtedness).

Operations Update

In February 2023, Legible released its LibrarianAI conversational ecommerce book recommendation tool, featuring seamless discovery, reading, and interaction via precise, personalized recommendations that link to books for sale on Legible.

Starting in March, Legible offered quarterly virtual Book Clubs for Metrolinx, one of Canada's largest transit authorities, as well as a set of eBooks available on GO Transit system's Wi-Fi system, with Open Road and Dundurn Press providing the free books. Legible's presence on GO Transit's entertainment portal provides riders over 60 eBooks as a combination of "mini-reads" and full books, all of which link to Legible's online bookstore via a bespoke Toronto landing page. This marketing strategy complemented high visibility advertising assets in the Greater Toronto and Hamilton Area on GO trains and GO buses. Despite this intensive marketing effort, Legible unfortunately saw negligible sales and sign-ups from this partnership and has refocused its attention on other agreements that have greater revenue potential.

In May 2023, King Features Syndicate ("KFS") began uploading brand new, epub (an industry standard digital book format used by reading systems to unpack a book for readers to access) versions of its globally loved comics, including Popeye, Olive Oyl, Hagar the Horrible, and others to Legible's eBookstore, making Legible the first organization to sell KFS comics as ePubs.

Legible launched a global installation of Annotations technology in eBooks, allowing for dynamic technology integration directly into eBooks and unlocking creative potentials for publishers and authors that involve AI integration. Legible initiated a text-to-speech function in the web app reading system, preparing the way for dynamic AI-powered speech synthesis. This will unlock millions of eBooks as audiobooks out of the box and help to ensure Legible is compliant with EU accessibility regulations that will be imposed in 2025.

On September 29, Legible released its Legible Unbound app, available in all app stores for Android and iOS, as well as its Legible Unbound Membership Plan. Legible significantly expanded its catalogue offerings. The publishing team onboarded thousands of audiobooks from various publishers, including Blackstone, and signed contracts with several new ones; they also completed adding Macmillan's and DeMarque's eBook catalogues.

In December, Legible updated its payment method technology and completed set up of ONIXEdit, a tool that facilitates ingestion of ePub files, to onboard all existing and incoming books from publishers and distributors. ONIXEdit also provides a dashboard to better monitor and maintain catalogue health and give clearer visibility for publishers and distribution partners. Also in December, Legible launched the first in its series of AI-powered Living Books, A Christmas Carol AI. Legible's technology leverages artificial intelligence to bring characters to life, offering readers new levels of interactivity and engagement and reimagining how literature can be enjoyed and appreciated.

Appointment of Key Advisors

On July 18, 2023, Legible announced the appointment of Messrs. Michael and David Uslan as Strategic Advisors. Renowned for their contributions to the entertainment and publishing industries, the Uslans bring invaluable expertise that will significantly advance Legible's strategic direction as a browser-based e-reading platform offering cutting-edge multimedia reading experiences driven by enhanced content, strategic partnerships, and brand expansion.

On September 6, Legible announced the appointment of Mr. V.J. Joshi as a Strategic Advisor. Mr. Joshi's extensive background includes serving as Executive Vice President of Fortune 100 tech company Hewlett Packard (HP)'s Imaging and Printing Group, which generated one-fifth of global HP revenue and one-third of global HP profits. He has also served as President and CEO for four years at 3D Systems, for seven years as a board member at Yahoo!, and as a director for Wipro, a leading IT and communications firm, and L3Harris.

On January 29, 2024, Legible announced the appointment of Ms. Kathryn Miclat 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.

New Partnerships

In January 2023, Legible announced a new partnership with King Features Syndicate ("King Features"), a unit of Hearst. King Features is a premier producer and distributor of the world's most iconic intellectual properties, with a portfolio that is one of the longest-running consumer products programs in the industry, including world-renowned pop culture brands such as Popeye®, Cuphead, Flash Gordon™, The Phantom™, Hägar the Horrible, Moomin, Prince Valiant® and Mandrake the Magician.

In February, Legible Publishing partnered with Mr. Tim Urban, world-renowned writer and thinker behind the popular blog Wait But Why, to produce his new book "*What's Our Problem?: A Self-Help Book for Societies*" as a digital-only publication which was subsequently made available for sale on Legible's eBookstore.

In April, Legible announced that it had signed an agency contract with Macmillan Publishers ("Macmillan"), one of the largest and most respected publishing houses in the world with a rich history of publishing some of the most influential and thought-provoking works in literature. Legible also announced that it has partnered with Dundurn Press Limited ("Dundurn"), one of Canada's largest and leading independent trade publishers, to develop two of Dundurn's bestsellers as their first-ever Living Books.

In May, Legible confirmed a global publishing partnership with Genius Brands International Inc. ("Genius Brands") (NASDAQ: GNUS) for select IP, securing digital print rights to bring a selection of Genius Brands original properties to life through multimedia-enriched eBooks, featuring audio, video, animations and AI, including Rainbow Rangers, from the popular Netflix and Kartoon Channel! preschool series now in its third season.

In June, the Company announced that it had entered into an exclusive joint strategic partnership with LiveOne, Inc. ("LiveOne") (NASDAQ: LVO), which streams music and podcasts into automobiles, with existing contracts with a number of manufacturers including an exclusive agreement with Tesla in North America.

In July, the Company partnered with Kartoon Studios, Inc. (NYSE American: TOON) (“Kartoon Studios”), the controlling partner of “Stan Lee Universe, LLC,” to launch STAN LEE COMICS, a line of digital and print comic books based on never-before-released stories and characters created by Stan Lee. Kartoon Studios selected Legible as a leading online book streaming platform and multimedia publisher to develop and distribute approximately twelve original comic book series, based on Stan Lee’s creations, across Legible’s broad publishing and reading platform, making them accessible to a global market. Further to this announcement, on September 8, Legible announced that the first product in this series that the Company will publish and distribute in web and print is Stan Lee's Workforce.

In November, the Company entered into a distribution agreement with De Marque Inc. (“De Marque”), the leading Canadian independent distributor of foreign language literature. De Marque represents and markets a wide array of over 2 million eBooks and audiobooks from approximately 3,000 publishers across the globe to more than 1,300 retailers and 1,700 libraries internationally.

Also in November, the Company announced a new strategic partnership with Faurecia Aptoide. As the leading Automotive app store, Faurecia Aptoide is the infotainment solution provider to over three million automobiles globally in 2023, with projected growth to twenty million vehicles by 2025. Legible is the first organization to provide Faurecia Aptoide with an app that provides both eBooks and audiobooks for purchase in one accessible, integrated solution, with the goal of driving revenue at a global scale. The partnership between Legible and Faurecia Aptoide will offer car owners around the world a new dimension of convenience and enjoyment. With Legible’s extensive catalogue of eBooks and audiobooks easily accessible, drivers and passengers everywhere can look forward to having a world of stories and knowledge at their fingertips, transforming daily commutes and long drives into engaging and enriching experiences.

In December, Legible announced a collaboration with Ms. Cristina Ferrare, an iconic supermodel, acclaimed TV host, and New York Times bestselling author. The partnership introduces *My Model Kitchen*, a series of interactive "Living Cookbooks" that blend Ms. Ferrare’s culinary expertise with Legible’s cutting-edge digital technology. The first book, “My Model Kitchen – Volume 1: Pasta” launched in February 2024, featuring original video of Cristina presenting her recipes as well as the world’s first Sous Chef AI, which responds to queries about the recipes and offers everything from substitution suggestions to wine pairing advice.

In February 2024, the Company announced partnerships with two more Android Automotive app stores, Visteon and Harman IGNITE. Visteon’s AllGo Android Automotive app store, which provides automakers with leading-edge connected car experiences that can be customized for their customers by brand, model, trim level or even geolocation. In a move that aligns with the ever-evolving landscape of in-car entertainment, Legible will be the first to offer a vast library of audiobooks through AllGo to drivers and passengers in India and across Asia. The Harman IGNITE Android Automotive App Store boasts a growing ecosystem of app developers across key industries to enable more content, features and connectivity and brings OEMs and Android developers together to make in-vehicle experiences easily accessible, reliable and safe. The software company CARIAD launched the Harman IGNITE application store for the Volkswagen Group last year with Audi as the first brand to implement the experience. Legible went live in new models of VW Group’s Audi cars, with more to follow.

In March 2024, Legible’s Android Automotive app launched into the dashboards of leading automakers that offer millions of cars with Google’s automotive services, including Ford, General Motors, Volvo, Honda, Nissan, Renault, and Polestar, among others.

Also in March 2024, Legible announced that it has joined forces with Mr. Remo Camerota, award-winning director, artist, and photographer, to create FrAnkensteIn, the third publication in in its celebrated AI-powered classics series.

Certain Legible executives and strategic advisors attended and presented at numerous major and investor and industry conferences, including the Frankfurt Book Fair, the world's largest book fair, forging new partnerships with publishers and content creators, and consolidating existing relationships.

Publishers

Legible has eBook and audiobook publisher agreements with Hachette Book Group, Harper Collins US, Harper Collins UK, Harper Collins Australia, Harlequin, Simon and Schuster US, Simon and Schuster Canada, MacMillan Publishers, Scholastic, New Society Publishers, Dundurn Press, Lukeman Literary Group, Sourcebooks, Tyndale, Open Road Integrated Media, King Features (a division of Hearst), Blackstone Publishing, DeMarque, Dreamspace, and many other smaller or independent publishers. Legible also has a contract with the world's largest distributor, Ingram CoreSource, which represents approximately 800 publishers with combined catalogues of over 1.8 million titles. Some of the largest publishers represented include Author Solutions, Emereo Pty Ltd., Libreka, Elsevier Science & Technology, De Gruyter, Content Technologies, Rowman & Littlefield Publishing Group Inc, Ingram Spark, Kensington Publishing Corp., Faber Factory, SAGE Publications, and The Quarto Group.

Outlook

Legible has an opportunity in the development of innovative multimedia reading experiences for all ages that integrate advanced AI-powered discovery and conversational tools delivered to anyone, anywhere with a smart device and an internet connection. 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 primary focus for the coming months is to implement the revenue streams identified above to help increase the Company's 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 clean up its balance sheet and to complete 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 three completed years ended December 31, 2023, and 2022:

	December 31, 2023 $	December 31, 2022 $
Revenue	**53,445**	20,606
Net loss for the year ended	**4,797,737**	8,782,210
Basic and diluted loss per share	**0.04**	0.13
Cash	**74,831**	150,439
Total assets	**141,122**	331,174
Non-current liabilities	**99,933**	1,266,719

RESULTS OF OPERATIONS

YEAR END FINANCIAL RESULTS for the YEAR ENDED DECEMBER 31, 2023

For the year ended December 31, 2023, the Company recorded a net loss of $4,797,737, or $0.04 per share, compared with a net loss of $8,782,210, or $0.13 per share, for the year ended December 31, 2022. Operating expenses for the year ended December 31, 2023, decreased to $5,299,734, compared with $7,399,632 for the previous period in 2022. Expenses were reduced and continued for the balance of the year as funding was tight and the business operated on a "keep the lights barely on" basis, unfortunately. Contracts were signed in the previous year or at the beginning of the year which had a financial impact subsequently. Key changes for the year ended December 31, 2023, compared to 2022, included the following:

- **Revenues** - increased to $53,445 (2022 - $20,606) which was comprised of Legible Publishing Services ("LPS") revenues of $51,872 (2022 - $17,846), e-book sales of $769 (2022 - $2,760), and subscriptions of $804 (2022 - $nil).

- **Cost of sales** - were $35,757 (2022 - $10,914), which included LPS production costs of $34,682 (2022 - $9,149, royalties paid to publishers of $561 (2022 - $1,765), and subscriptions costs of $514 (2022 - $nil).

- **Amortization** - decreased to $12,302 (2022 - $563,048) due to the impairment of intangible assets in the latter part of 2022, and decreased depreciation of computer equipment from a condensed work force.

- **Consultants** - increased to $652,487 (2022 - $341,392), largely due to work on the integration of AI technologies within the Company's technology; time invested regarding LibrarianAI; continued AI enhancements; and consulting, and segment coding for improved data analytics and marketing attribution. Fees also included business development; sales tax consulting; business consulting in the European markets; capital markets advisory; quality control work on product releases; and work on strategizing on how to best penetrate the comic book industry and international markets.

- **Directors' fees** - decreased to $60,000 (2022 - $67,000). 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** - decreased to $332,444 (2022 - $380,915) primarily due to a significantly reduced workforce from early Q2 2022 and the elimination of staff recruitment fees. Most of the expenses were due to directors' and officers' liability, commercial general liability, and cyber security insurance premiums; attendance at investor conferences and book fairs, both in-person and virtual, and respective travel expenses; licensing fees with a cutting-edge technology company that enhances the visual appeal and layout of digital books; and general office expenses.

- **Interest** - decreased to $419,318 (2022 - $434,215) primarily due to reduced interest accretion on the convertible debentures of $87,064 (2022 - $135,897), and included interest on the credit facility of $174,183 (2022 - $110,244), promissory notes of $18,136 (2022 - $175,281), and bridge loans of $101,949 (2022 - $nil).

- **Investor relations** - decreased to $261,301 (2022 - $500,625). The reduction was due to the elimination, in most cases, or minimization of investor relations activities due to inadequate funding. 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. Costs also comprised news release communications, OTCQB annual maintenance fees, and market liquidity services.

- **Marketing** - decreased to $178,431 (2022 - $446,096) primarily due to the elimination of comprehensive digital advertising, brand and corporate awareness, and marketing campaigns, which ran on multiple social media platforms, attributable to the lack of adequate funding. The Company has invested time on a targeted marketing campaign with its partnership with Metrolinx and included work with Get Fresh Ventures to strategize on ways to generate revenues as the Company works towards further funding.

- **Professional fees** - decreased to $399,175 (2022 - $403,635). Professional fees included: fees to the Company's auditor regarding the year-end audit; tax filing fees; legal fees associated with the Company being public; fees associated with the filing of trademark applications in Canada and the U.S.; and legal fees regarding on-going corporate matters.

- **Salaries, wages, and benefits** - decreased to $1,435,951 (2022 - $3,411,085) as the Company operated the current year with a staff complement of 11 employees. In early 2022, the Company expanded rapidly to 74 full-time staff, by hiring development, marketing, product support, publishing, executive, finance, and IT personnel to support the business. In early Q2 2022, 59 staff departed and 4 subsequently, with the difficult financial situation that the Company experienced.

- **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 changes mainly related to the unvested stock options value have been reversed in Year 2022. The Company recorded an expense of $912,403 (2022 - $490,627) for stock options granted to directors, officers, employees, consultants, and advisors.

Software development - increased to $303,361 (2022 - $39,513) as the Company invested in development of its mobile and web apps for Android and IOS, which allows for offline reading and listening anywhere, and anytime of its eBooks and audiobooks library. The significant growth in software development reflects the Company's strategic investment in its digital platform. The Company partnered with a specialized third-party technology firm, leveraging their expertise to drive the development forward. Most of this joint development effort has now been completed which included: development and deployment of the mobile and web apps;

development of a dual-functionality web bookstore/subscription offering; two Android Automotive versions of the app (one being the full eBook/audiobook experience; one for audio only), the first of which was delivered as a beta version for testing by app stores and automakers, and updates made as per individual automakers' needs; the ability to switch between audiobook and eBook versions of a publication; the capacity to make notes and bookmark within publications; integration of the Librarian AI within the catalogues and ability to embed AI chatbots within eBooks; the capacity to display Living Books with integrated video and AI within the mobile and web apps; an integrated payment system; updated landing pages; set up for trial periods for new subscribers plus development of gift cards, promo codes and coupons for marketing purposes as well as internal accounting programming to process them; work on integrating key data analytics infrastructure; the ability to vertically scroll within books; ingestion of Legible catalogue content and display within the apps; support for web annotations and advanced e-reader deployment; development of unified log-in functionality; and preparation for text-to-speech capacity for eBooks.

- **Software subscriptions and hosting fees** - increased to $302,174 (2022 - $285,030) due to multiple software applications supporting the operations platform, website hosting fees, data integrity protection; cybersecurity monitoring; storage fees for audiobooks; new software for improved data analytics; employment of 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 $30,387 (2022 - $36,415) due to reduced regulatory and financing activities.

<u>Payables to equity conversions</u>

$1,882,900 was converted into equity throughout the year.

<u>Net operating cash outflows</u>

For the year ended December 31, 2023, the Company's net operating cash outflows were $2,844,610, compared to $3,842,292 for the previous year.

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

(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, 2023 $	Three Months Ended Sep. 30, 2023 $	Three Months Ended Jun. 30, 2023 $	Three Months Ended Mar. 31, 2023 $	Three Months Ended Dec. 31, 2022 $	Three Months Ended Sep. 30, 2022 $ (3)	Three Months Ended Jun. 30, 2022 $ (2)	Three Months Ended Mar. 31, 2022 $ (1)
Revenue	14,154	10,356	18,352	10,583	7,031	11,612	606	1,357
Net loss	1,322,180	1,588,740	670,263	1,216,554	679,005	2,356,016	2,498,187	3,249,002
Basic & diluted loss per share	0.01	0.01	0.01	0.01	0.00	0.04	0.04	0.05

(1) Included was salaries, wages, and benefits of $1,639,974; share-based compensation of $670,805; and marketing expenses of $292,187.

(2) Included was interest of $961,320, salaries, wages, and benefits of $621,250; share-based compensation of $216,445; and marketing expenses of $111,437.

(3) Included was interest of $1,039,959; investor relations expenses of $349,153; salaries, wages, and benefits of $369,999; and share-based compensation of $235,190.

FINANCIAL RESULTS for the THREE MONTHS ENDED DECEMBER 31, 2023

For the three months ended December 31, 2023, the Company recorded a net loss of $1,322,180, or $0.01 per share, compared with a net loss of $670,005, or $0.00 per share, for the three months ended December 31, 2022. Operating expenses for the three months ended December 31, 2023 increased to $1,328,266, compared with $(967,394) for the comparative period in 2022. 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 2023, compared to Q4 2022, included the following:

- **Revenues** - increased to $14,154 (2022 - $7,031) from LPS during the quarter which generated $13,306 (2022 - $6,515), ebook sales of $44 (2022 - $516), and subscriptions sales of $804 (2022 - $nil).

- **Cost of sales** - were $8,068 (2022 - $4,382), which included LPS productions costs of $7,526 (2022 - $4,228), royalties paid to publishers of $28 (2022 - $154) and subscriptions costs of $514 (2022 - $nil).

- **Amortization** - decreased to $607 (2022 - $97,155) due to the impairment of intangible assets in the latter part of 2022, and decreased depreciation of computer equipment from a small work force.

- **Consultants** - decreased to $135,481 (2022 - $197,499). Costs were incurred in the comparable period for sales tax consulting and OTCQB registration work, which were absent in the current period. Fees for consultants included the integration of AI technologies within the Company's technology; work regarding LibrarianAI; continued AI enhancements; and development of data analytics infrastructure. Also, included was business development work focused on North America, UK, and Europe; capital markets advisory; and work with Branded Entertainment, LLC regarding insights and strategies on how to best penetrate international markets and the comic book industry, and prospective business opportunities for the Company.

- **Directors' fees** - decreased to $6,000 (2022 - $18,000) as the independent directors cancelled their fees as of October 31, 2023.

- **General and administrative** - decreased to $106,775 (2022 - $162,562) due to a reduced workforce but included directors' and officers' liability, commercial general liability, and cyber security insurance premiums; attendance at investor conferences and book fairs, and respective travel expenses.

- **Interest** - increased to $100,959 (2022 - $31,500) primarily due to the credit facility of $46,455 (2022 - $16,305), promissory notes $7,523 (2022 - $15,195), bridge loans of $ 25,299 (2022 - $nil), and convertible debentures $5,669 (2022 - $nil).

- **Investor relations** - increased to $61,052 (2022 - $44,529) primarily due to the absence of OTCQB maintenance fees in the comparative period. 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** - decreased to $35,558 (2022 - $42,472). Work continued with Get Fresh Ventures to strategize on ways to develop and scale revenues that will be implemented through targeted marketing campaigns and advancing plans for promotion of the Metrolinx partnership and quarterly Book Club as the Company confirms further funding.

- **Professional fees** - increased to $90,159 (2022 - $3,217). 2022 included an over-accrual in auditing fees that was corrected in Q4 2022. Audit fees; tax filing fees; U.S. trademark work; legal fees associated with the Company being public, and on-going corporate matters were included.

- **Salaries, wages, and benefits** - decreased to $311,995 (2022 - $735,064). The comparable period included the write-off of salaries, wages, and benefits expenses as the result of the impairment of intangible assets that were originally capitalized. The lower costs were also due to a senior developer which shifted to part-time hours, and a reduced vacation pay accrual. The staff complement remained at 11 employees, 9 of which were part-time.

- **Share-based compensation** - Non-cash share-based compensation of $299,966 (2022 - $235,190) was recorded for stock options granted to directors, officers, employees, consultants, and advisors .

- **Software development -** increased to $116,789 (2022 - $nil) as the Company invested in development of its mobile and web apps for Android and IOS, by a third-party technology partner, which allows for offline reading and listening anywhere, anytime of its eBooks and audiobooks library. The development work, nearly completed, provides users with an enriched and more accessible reading and listening experience regardless of location or time.

- **Software subscriptions and hosting fees** - increased to $105,649 (2022 - $71,370) primarily due to increased storage charges for audiobooks; implementation of a tool that facilitates ingestion of ePub files to onboard all existing and incoming books from publishers and distributors; and the procurement and customization of new software for improved data analytics. Costs also included ongoing website hosting fees; multiple software applications supporting the operations platform; data integrity protection; and cybersecurity monitoring.

- **Transfer agent and filing fees** - decreased slightly to $6,709 (2022 - $13,210) due to reduced regulatory associated costs.

Net operating cash outflows

For the three months ended December 31, 2023, the Company's net operating cash outflows were $667,639, compared to $806,791 for the previous year.

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

SUBSEQUENT EVENTS

On February 2, 2024, 4,004,727 warrants at a weighted average exercise price of $0.15, expired, unexercised.

On February 7, 2024, the Company granted 1,605,000 options to consultants. The options have an exercise price of $0.20; 805,000 have a 10-year term and 800,000 have a 1-year term.

In March 2024, 250,000 options expired, unexercised.

In April 2024, 25,000 options were forfeited.

On April 26, 2024, the Company closed its non-brokered convertible debenture private placement for gross proceeds of $1,103,262, which included $527,262 in settlement of outstanding indebtedness. Legible issued 122.58 convertible debenture units and each debenture unit consists of: (i) a 14% unsecured convertible debenture of the Company in the principal amount of $9,000; and (b) 100,000 common share purchase warrants. Legible paid $2,880 in finder's fees and issued 32,000 Warrants to qualified finders.

As of April 29, 2024, the Company received bridge loans for an aggregate of $603,208, $21,000 of which was from a director, with commitment fees of 10% and interest of 15% per annum.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had working capital deficit of $2,873,303 (2022 - $2,405,433), with cash of $74,831 (2022 - $150,439).

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, 2023, 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 of $2,867,303 (2022 - $2,405,433) and an accumulated deficit of $27,365,144 (2022 - $22,567,407) 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, 2023, the Company's operating activities used cash of $2,844,610, compared with $3,842,292 for the year ended December 31, 2022.

FINANCING ACTIVITIES

For the year ended December 31, 2023, the Company's financing activities provided the Company with $2,769,002, compared to $3,142,802 for the year ended December 31, 2022.

The Company issued common shares and received gross proceeds of $2,499,895 (2022 - $509,413). In connection with the common shares issuance, the finders received fees in the aggregate amount of $121,986 (2022 - $21,047). The Company received $4,247 (2022 - $240,500) for warrants exercised at $0.10 (2022 - between $0.10 and $0.20).

For the year ended December 31, 2023, the Company received bridge loans for $820,659 (2022 - $852,436), of which $21,000 pertained to a director, with a $nil commitment fee and interest of 10% per annum; the balance of $799,695, with commitment fees ranging from nil to 20% and annual interest rates ranging from 0% to 15%. An aggregate of $286,664 (2022 - $25,000) of loans were repaid and $436,065 (2022 - $770,453) were converted into equity and convertible debenture offerings by the Company, for the year ended December 31, 2023.

INVESTING ACTIVITIES

For the year ended December 31, 2023, the Company's investing activities used cash of $nil, compared to cash used of $17,261 for the year ended December 31, 2022. In the comparative period, the Company purchased computer equipment and intangible assets in early 2022 and received proceeds from the sale of computer equipment in the latter half of the year.

These cash outflows were primarily attributable to the costs incurred to develop the Company's platform that included the purchase of computer equipment.

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 certain members of the senior executive team.

Key management personnel appointed were as follows:

- Chief Executive Officer ("CEO") - Kaleeg Hainsworth.
- Chief Operations Officer ("COO") - Angela Doll. Added Chief Publishing Officer responsibilities ("Current CPO") on April 8, 2022.
- Chief Financial Officer - Helina Patience ("Former CFO"), departed April 8, 2022; Ed Duda ("CFO"),

(Expressed in Canadian Dollars)

appointed effective May 11, 2022.
- Chief Revenue Officer ("Former CRO") - Wai-Ming Yu, departed April 8, 2022.
- Chief Technology Officer ("Former CTO") - Adam Zouak, departed April 8, 2022.
- Chief Publishing Officer ("Former CPO") - Cameron Drew, departed April 8, 2022.
- Board of Directors – Mark Holden, Gene Kindrachuk, and Ryan Hoult, until February 11, 2022; Kaleeg Hainsworth; David Van Seters (current independent director); Helina Patience, departed February 11, 2022; and Shannon Kaustinen (current independent director), appointed effective February 11, 2022.

Transactions with related parties that are included in the consolidated statement of loss and comprehensive loss for the years ended December 31, 2023, and 2022, were made in the normal course of operations and are summarized as follows:

	December 31, 2023 $	December 31, 2022 $
Consultants and directors' fees	**60,000**	92,950
General and administrative	**-**	77,559
Salaries, wages, and benefits	**463,006**	758,745
Share-based compensation	**233,084**	479,398
	756,090	1,408,652

As of December 31, 2023, $11,130 (2022 - $29,130) 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, 2023, and 2022, the Board of Directors were issued 746,970 (2022 -296,000) shares for services at $0.09 and $0.12 for an aggregate of $78,000 that covered services for the period of October 2022 to October 2023 (2022 - $52,000).

The Company had the following related party transactions for the years ended December 31, 2023, and 2022:

(1) During the years ended December 31, 2023, and 2022, the Company incurred $155,190 (2022 - $192,121) to the CEO; $152,658 (2022 - $162,559) to the COO/Current CPO; $155,158 (2022 - $111,789) to the CFO; $nil (2022 - $127,357) to the former CFO; $nil (2022 - $91,327) to the former CRO; $nil (2022 - $72,178) to the former CTO; and $nil (2022 - $69,964) to the former CPO.

(2) For the year ended December 31, 2023, the two independent directors received an aggregate of $60,000 (2022- $77,500) 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, 2023, and 2022, the Company incurred $99,657 (2022 - $221,394) to the CEO; $84,947 (2022 - $162,582) to the COO/Current CPO; $11,020 (2022 - $44,551) to the CFO; $nil (2022 - $(76,416)) to the former CFO; $nil (2022 - $22,670) to the former CRO; $nil (2022 - $(31,967)) to the former CTO; $7,046 (2022 - $(17,681)) to the former CPO; and $30,414 (2022 - $154,265) to the Board of Directors. The Company recorded a recovery in 2022 regarding unvested stock options for departed directors, and officers.

During the year ended December 31, 2023, 600,000 (2022 - 1,600,000) options at $0.20 were granted to key management personnel.

FUTURE ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations are not yet effective and have not been , in preparing these Financial Statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's Financial Statements.

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, 2023, 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 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 its 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 rising interest rates fueled by the continued rise in inflation, along with the Russian invasion of Ukraine and the Israeli/Hamas conflict has 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 29, 2024, the Company had 133,407,722 common shares issued and outstanding (December 31, 2023 - 133,407,722).

Warrants

As at April 29 2024, the Company had 58,903,540 warrants outstanding (December 31, 2023 - 50,617,796).

Options

As at April 29, 2024, the Company had 10,638,750 stock options outstanding (December 31, 2023 - 9,308,750).

Convertible debenture shares

As at April 29, 2024, the Company has reserved 13,485,121 shares to be issued should the holders elect to convert the convertible debentures into common shares (December 31, 2023 - 1,226,650).

Fully Diluted

As at April 29, 2024, on a fully diluted basis, the share capital outstanding was 216,435,133 (December 31, 2023 - 194,560,918).

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 the Company's website at Invest.Legible.com.