

# Cisco Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD OF JANUARY 1, 2023 to DECEMBER 31, 2023  
(EXPRESSED IN CANADIAN DOLLARS)

## Introduction

The following Management's Discussion and Analysis ("**MD&A**") of the consolidated financial condition and results of the operations of Ciscom Corp. (the "**Company**" or "**Ciscom**") and its wholly owned subsidiaries Market Focus Direct Inc. ("**MFD**"), and 1883713 Ontario Inc. ("**188Ont**") and its wholly owned subsidiary Prospect Media Group Ltd. ("**PMG**") constitutes management's review of the factors that affected the Company's financial and operating performance from January 1, 2023 to December 31, 2023 with respective comparative periods. On September 30, 2022, the Company completed the acquisition of 100% of all issued and outstanding shares of 188Ont inclusive of its wholly owned subsidiary, PMG. Consequently, the consolidated statement of financial position reflects the assets and liabilities, purchase price accounting, and the consolidated statement of profit since the closing of the acquisition.

The Company's common shares started trading publicly on June 30, 2023, on the Canadian Securities Exchange (CSE: CISC) and on the OTC Markets on October 16, 2023 (OTBQC: CISC).

This MD&A was written to comply with the requirements of NI 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited financial statements of the Company and the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Information contained herein is presented as of December 31, 2023, unless otherwise indicated.

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

This MD&A contains forward-looking information as further described in the "*Cautionary Note Regarding Forward-Looking Information*" at the end of this MD&A. Please also make reference to those risk factors identified or otherwise indirectly referenced in the "*Risks and Uncertainties*" section below.

### a) *Description of Business*

The Company was incorporated under the *Business Corporations Act* (Ontario) ("**OBCA**") on June 29, 2020. The Company's head office, principal address and registered and records office is located at 20 Bay Street, Suite 1110, Toronto, Ontario, M5J 2N8. The Company manages and acquires businesses in the information, technology and communications ("**ICT**") sector. The Company's financial year ends on December 31.

MFD was incorporated under the Business Corporations Act (Ontario) (“OBCA”) on November 15, 1991. As of April 1, 2023, MFD operates virtually. MFD is a technology driven organization that has developed unique proprietary software applications which enables the processing of big data very efficiently. On a day-to-day basis, MFD provides analytics, customer acquisition strategies, digital marketing, direct mail, flyer distribution management, and related services to Canadian retailers and business-to-consumer companies. MFD uses proprietary, sophisticated software applications (MFD’s IP) to provide fully customized marketing solutions to retail customers in a wide range of industries. MFD’s financial year ends on December 31.

188Ont was incorporated under the Business Corporations Act of Ontario on October 30, 2012. 188Ont, including its wholly owned subsidiary PMG, (together referred to as “188Ont”) is a retail focused, data-driven, integrated media agency. 188Ont provides marketing services to a broad range of major retail clients across Canada, including consumer data & analytics, media planning and buying for advertisers across Canada, with leading expertise in the optimization and integration of print and digital media channels. 188Ont leverages its 20+ year expertise in analyzing consumer and market data, to provide clients with vital insights and information used to build integrated media strategy (traditional and digital) and enhance marketing spend effectiveness. 188Ont’s and PMG’s financial year ends on December 31.

Considering the synergies and shared resources, the Company and its subsidiaries operate as one Cash Generating Unit (“CGU”).

*b) Cautionary Note Regarding Forward-Looking Information. This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the dates specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.*

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

*c) Financial and Operating Highlights*

**Basis of Presentation**

The following discussion and analysis of the Company's financial condition as at December 31, 2023 should be read in conjunction with the Company's audited consolidated financial statements posted on SEDAR Plus. The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are expressed in Canadian dollars unless otherwise indicated.

See "Risk Factors" for a discussion of the risks inherent in the business of the Company, which may also affect its continuing financial conditions, cash flows and operating results.

Ciscom's principal business is managing, investing in and acquiring operating companies in the ICT sector and assuming an active role in the management of these companies to mitigate risk and maximize growth. The Company defines itself as an enabling business accelerator.

The Company targets companies in such areas as:

1. Companies in the ICT sector; and
2. Companies using technology as a way to process data, incorporate external databases, documents and information to deliver the products and services.

In addition to its investment and acquisition activities, the Company's business mandate includes the negotiating strategic joint ventures and the identification of the implementation of synergies through shared services.

*Operating Segment(s)*

As the two subsidiaries of the Company are in the same sector at period and year end, the operations are under one general segment as products and services are intertwined, there is no distinct reporting division(s), no divisional or departmental statement of profit and loss, no distinct physical location(s) and staff are blended amongst accounts. Considering the synergies and shared resources, the Company and its subsidiaries operate as one Cash Generating Unit ("CGU"). All clients are domestic (Canadian).

**Critical Accounting Estimates**

The preparation of these financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Financial statement items subject to significant management judgment include:

- Provision for clients' bad debt – Management exercises judgement to determine whether accounts receivable are in good standing and closely follow remittances.
- Impairment of assets – Management exercises judgement to determine whether indicators of impairment exist, and if so, management must estimate the timing and amount of future cash flows from sales.

Management made estimates and assumptions, actual results may differ materially from those estimates.

### **Changes in Accounting Policies**

There were no changes in accounting policies during the year.

### **Corporate**

On June 29, 2020, the Company was incorporated under the Ontario Business Corporation Act, and authorized to issue an unlimited number of shares of the following classes:

- a. Common shares;
- b. Class A preferred shares; and,
- c. Class B Preferred shares.

As of December 31, 2023, the Company has issued a total of 51,563,833 Ciscom Shares for a total consideration of \$9,114,565 and an additional 2,000,000 Ciscom shares to be issued for a consideration of \$900,000 related to the 188Ont Earn-Out (as at December 31, 2022, respectively 51,108,882 Ciscom Shares for a total consideration of \$8,886,565). The Company has reserved a rolling 10% of its issued and outstanding Common Shares for its Stock Option Plan. A total of 3,670,000 Ciscom Options have been issued as of December 31, 2023 (3,220,000 as of December 31, 2022). Each option consists of one Common Share exercisable for 5 years. As of December 31, 2023, a total of 2,220,000 Ciscom Options are exercisable at \$0.10 and a total of 1,450,000 Ciscom Options are exercisable at \$0.55.

On close of business on August 31, 2021 (effective September 1, 2021), the Company completed a Share Purchase Agreement (“SPA”) transaction with Market Focus Direct Inc. for the purchase price of \$3,500,000 for 100% of all issued shares.

On September 30, 2022, the Company completed a Share Purchase Agreement (“SPA”) transaction with 188Ont for the purchase price of \$12,488,481 for 100% of all issued shares. The purchase price was satisfied with a cash payment of \$5,800,000, a short-term note payable in 2023 of \$1,163,521, the issuance of 7,633,889 common shares of the Company in the amount of \$3,435,250 that was determined by using \$0.45 per share, an Earn-Out of \$900,000 (payable in Ciscom Shares) and a convertible debenture in the amount of \$1,400,000. The Earn-Out revenue performance target was a gross profit increase of \$500,000 for 2023 over 2022. The fair value of the Earn Out Consideration was in the amount of \$690,116 upon acquisition as at December 31, 2022 (face value of \$900,000). As at December 31, 2023, the Earn Out was maximized at \$900,000 whereby 2,000,000 Ciscom Shares were issued on March 1, 2024 at the set value of \$0.45 per share. The difference of \$209,884 was expenses in 2023 as an adjustment of the fair value of a contingent liability.

188Ont/PMG is a retail focused, data-driven, integrated media agency. The Company provides marketing services to a broad range of major retail clients across Canada, including consumer data & analytics, media planning and buying for advertisers across Canada, with leading expertise in the optimization and integration of print and digital media channels. The Company leverages its 20+ year expertise in analyzing consumer and market data, to provide clients with vital insights and information used to build integrated media strategy (traditional and digital) and enhance marketing spend effectiveness.

The Company's consolidated statement of financial position includes 188Ont as at September 30, 2022. Considering the synergies and shared resources, the Company and its subsidiaries operate as one Cash Generating Unit ("CGU").

*d) Trends and Economic Conditions*

Management regularly monitors economic conditions and estimates, their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Of considerations are:

- Interest rate fluctuations;
- Availability of suitable business for acquisition; and,
- Ability to obtain funding.

At the date of this MD&A, the effects of the pandemic are mainly behind us from a medical point of view. There are lagging economics consequences that will remain for a period of time. While interest rates have increased to levels not seen in years, the employment market remains strong as per the employment reports from both the American and Canadian authorities, and the retail spend levels are solid. As such, management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

See "*Cautionary Note Regarding Forward-Looking Information*" above.

*e) Outlook*

As the Company has achieved its public company status at the end of June 2023, it has now re-initiated acquisition opportunities that have the potential to be suitable to Ciscom's objectives. In addition, management will review project submissions, and conduct independent research, for opportunities in such jurisdictions and businesses as it may consider prospective.

There is no assurance that capital will be available to the Company in the future in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "*Risks and Uncertainties*" below.

*f) Selected Financial Information*

The following is selected financial information related to the company's sales. Ciscom's two subsidiaries have historically principally served the retail sector and sales are aligned to this sector. Consequently, a significant part of its sales are in the last 4 months of the year. If both subsidiaries had been acquired on January 1, 2021, pro-forma sales and gross profit would be the following:

Combined Sales	Q1	Q2	Q3	Q4	Total
2023 \$	7,253,560	6,935,108	7,275,737	13,695,761	35,160,166
2022 \$	5,790,926	8,395,226	6,969,543	12,679,864	33,835,559
2021 \$	4,535,893	6,975,787	6,843,643	9,174,303	27,529,626
2023%	20.6%	19.7%	20.7%	39.0%	100.0%
2022%	17.1%	24.8%	20.6%	37.5%	100.0%
2021%	16.5%	25.3%	24.9%	33.3%	100.0%

Combined Gross Profit	Q1	Q2	Q3	Q4	Total
2023 \$	1,294,918	1,358,855	1,528,068	2,724,022	6,905,863
2022 \$	1,150,660	1,444,806	1,370,105	1,888,306	5,853,877
2021 \$	1,303,410	1,217,427	1,388,155	1,962,206	5,871,198
2023%	18.8%	19.7%	22.1%	39.4%	100.0%
2022%	19.7%	24.7%	23.4%	32.3%	100.0%
2021%	22.2%	20.7%	23.6%	33.4%	100.0%

Comparative sales and gross profit results for the year ended December 31, 2023, are the following:

	2023 Sales and Gross Profit						
	2023	2022A	2022PF	YoY Increase to Actual		YoY Increase to Pro-forma	
	\$	\$	\$	\$	%	\$	%
Sales	35,160,166	14,766,407	33,835,559	20,393,758	138.1%	1,324,606	3.9%
Gross Profit	6,905,863	2,298,158	5,853,877	4,607,705	200.5%	1,051,985	18.0%
Gross Margin	19.6%	15.6%	17.3%	22.6%	26.2%	79.4%	13.5%

2022A: As per the audited consolidated financial statements.

2022PF: Including the results of 188Ont/PMG for 12 months in 2022.

Considering the synergies and shared resources, the Company and its subsidiaries operate as one Cash Generating Unit ("CGU").

*g) Off-Balance Sheet Arrangements*

As at December 31, 2023, and December 31, 2022, the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

*h) Financial Highlights*

**Sales and Cost of Sales**

Sales for the year ended December 31, 2023, were \$35.2M versus \$14.8M the prior year, an increase of \$20.4M or 138.1%. The significant increase is in part related to the 188Ont acquisition that closed September 30, 2022.

As demonstrated in the tables herein, on a pro-forma basis, had the 188Ont acquisition closed on January 1, 2022, revenues the year ended December 31, 2022, would have been \$33.8M and represent an increase of \$1.3M or 3.9%.

Considering the economic downturn faced in 2022 and 2023, the Company is performing well as the retail sector was experiencing difficult times since mid-2022 and in most cases, advertising and marketing spend have either been frozen or reduced.

While the company lost two clients in the later part of 2022 affecting Digital volumes/sales in the first half of 2023, it was able to replace the revenue with Direct Mail and Print Distribution from current and new clients.

### **Gross Profit**

For the year ended December 31, 2023, on a pro-forma basis, the gross profit grew from \$5.85M in 2022 to \$6.91M, an increase of \$1.06M or 18.0%. In addition, the gross margin has increased from 17.3% in 2022 to 19.6% in 2023, representing an improvement of 13.5% year-over-year. Costs synergies and the mix of business contributing to the improvement.

### **Consolidated IFRS**

	For the 12-month period ended		Year-over-year	
	December 31, 2023	December 31, 2022	Variance	
	\$	\$	\$	%
<b>Revenue</b>				
Print Distribution	8,557,711	4,263,960	4,293,751	100.7%
Direct Mail	16,918,738	4,720,393	12,198,345	258.4%
Digital	7,744,951	5,163,844	2,581,106	50.0%
Marketing strategy	1,938,766	618,210	1,320,556	213.6%
	<b>35,160,166</b>	<b>14,766,407</b>	<b>20,393,758</b>	<b>138.1%</b>
<b>Cost of Revenue</b>				
Print Distribution	7,477,662	4,458,804	3,018,858	67.7%
Direct Mail	14,123,403	4,131,122	9,992,281	241.9%
Digital	6,514,706	3,857,217	2,657,489	68.9%
Marketing strategy	138,532	21,105	117,427	556.4%
	<b>28,254,303</b>	<b>12,468,249</b>	<b>15,786,054</b>	<b>126.6%</b>
<b>Gross Profit</b>	<b>6,905,863</b>	<b>2,298,159</b>	<b>4,607,704</b>	<b>200.5%</b>
<b>Gross Margin</b>	<b>19.6%</b>	<b>15.6%</b>	<b>4.1%</b>	<b>26.2%</b>

Had 188Ont been acquired on January 1, 2022, revenues and cost of revenues by category for the years 2023 and 2022 would have been the following:

## Combined Pro-forma (PMG & MFD)

	For the 12-month period ended		Year-over-year Variance	
	December 31, 2023	December 31, 2022		
<b>Revenue</b>				
Print Distribution	8,557,711	7,955,396	602,315	7.6%
Direct Mail	16,918,738	15,132,423	1,786,315	11.8%
Digital	7,744,951	8,765,843	(1,020,893)	-11.6%
Marketing strategy	1,938,766	1,981,897	(43,131)	-2.2%
	<b>35,160,166</b>	<b>33,835,559</b>	<b>1,324,606</b>	<b>3.9%</b>
<b>Cost of Revenue</b>				
Print Distribution	7,477,662	7,054,966	422,696	6.0%
Direct Mail	14,123,403	13,011,779	1,111,624	8.5%
Digital	6,514,706	7,842,480	(1,327,774)	-16.9%
Marketing strategy	138,532	72,457	66,075	91.2%
	<b>28,254,303</b>	<b>27,981,682</b>	<b>272,621</b>	<b>1.0%</b>
<b>Gross Profit</b>	<b>6,905,863</b>	<b>5,853,877</b>	<b>1,051,985</b>	<b>18.0%</b>
<b>Gross Margin</b>	<b>19.6%</b>	<b>17.3%</b>	<b>2.3%</b>	<b>13.5%</b>

### Expenses

During the year ended December 31, 2023, the Company was able to align and integrate subsidiaries' operations and extract costs savings and synergies. The MFD office lease was not renewed on March 31, 2023, with operations going 100% virtual, duplications of data and licenses were removed, technology was aligned and there were FTEs (staff) reductions.

The Company took \$237,000 in non-recurring restructuring/severance costs in the first half of 2023 (nil 2022). The cost reductions (improving profitability) totaled over \$625,000 on an annual basis. The Company took a short-term impact to the bottom line to improve on-going profitability. The costs reductions full impact started in Q3 2023.

In March 2022, the then 2 Ciscom executives started being compensated at the rate of \$60k per annum each. Following the closing of the 188Ont acquisition, compensation was increased to \$120k per annum each. The former CEO and the Company parted ways at the end of November 2023 and the former CEO was paid the minimum amount as per the Ontario Employment Standards Act.

For 2023, the Independent Directors of the Company were paid a total of \$82,439 in cash (2022: Nil).

On a pro-forma basis, the Company's total compensation was \$4.402M for the year ended December 31, 2023, versus \$3.574M for 2022, an increase of \$0.828M. The 2023 compensation costs include \$537,000 in severances costs (2022: Nil). By removing the severance costs and directors' fees, the compensation costs increase would be \$209k (5.8%) year-over-year. This increase is aligned to market conditions considering the solid performance of the business, market

pressures for the talent being retained by the Company and the overall economy, compensation is aligned to market. PMG/MFD compensation represented 53.5% of gross profit in 2023 versus 57.3% for the prior year. Removing the severance costs of \$237k from the 2023 PMG/MFD compensation, the percentage is reduced to 50.1% – an appreciable reduction of 6.2%. Considering that the gross profit is up 18.0% year-over-year, the efficiency measures have yielded returns.

The share-based compensation of \$245,917 (2022: \$327,961) was incurred in relation to staff stock options vestments and the 450,000 stock options issued during the first 2 quarters of 2023.

Ciscom (corporate) expenses in 2023 were higher than expected with significant professional fees being incurred with auditors, consultants, valutors and lawyers in relation with the Company's initiative to become an issuer (publicly traded entity), which was achieved on June 30, 2023. As Ciscom is now an issuer, the audit fees have significantly increased, and the Company incurred additional legal fees related to the termination of the former CEO and the Annual General and Special Meeting of shareholders held on February 8, 2024. Such professional fees are non-recurring and should significantly be reduced going forward. In January 2024, the former CEO filed a claim for wrongful dismissal. While the Company believes it will be successful defending the claim, a reserve of \$300,000 was taken and expensed as compensation in 2023 in addition to fully providing as an expense the loan owed by the former CEO in the amount of \$201,215 in Loan loss provision. The Company has issued a claim against the former CEO for the collection of the outstanding amount.

For the year ended December 31, 2023 and 2022, and assuming that the 188Ont/PMG acquisition was effective January 1, 2022, pro-forma operating expenses were the following:

### ***Combined Operating Expenses***

**For the 12-month period ended 31 December 2023 and 2022**

2023	Proforma			
	MFD	PMG	Ciscom	31-Dec-23
Compensation (1)	454,028	3,243,152	705,022	4,402,202
Share-based compensation	-	-	245,917	245,917
Professional fees	5,633	13,114	781,049	799,796
General administrative	22,979	573,416	155,333	751,728
<b>Total</b>	<b>482,640</b>	<b>3,829,682</b>	<b>1,887,321</b>	<b>6,199,643</b>
2022	MFD	PMG	Ciscom	31-Dec-22
Compensation	588,694	2,777,044	208,060	3,573,798
Share-based compensation	-	-	327,961	327,961
Professional fees	15,700	86,203	660,857	762,760
General administrative	73,101	531,473	121,839	726,413
<b>Total</b>	<b>677,495</b>	<b>3,394,719</b>	<b>1,318,717</b>	<b>5,390,931</b>
Variance	MFD	PMG	Ciscom	Variance
Compensation	(134,666)	466,108	496,962	828,404
Share-based compensation	-	-	(82,044)	(82,044)
Professional fees	(10,067)	(73,089)	120,192	37,036
General administrative	(50,122)	41,943	33,494	25,315
<b>Total</b>	<b>(194,855)</b>	<b>434,963</b>	<b>568,604</b>	<b>808,712</b>

Note 1: 2023 compensation expenses include severance provisions of \$537,000.

### ***Interests and Amortization***

The Company borrowed \$1,000,000 for the acquisition of MFD. The term loan was amortized over 60 months and principal payments are \$16,667 per month starting August 31, 2021. Interest rate was prime + 1.25%. Interest charges were calculated on the declining balances. The loan was fully repaid on September 30, 2022.

On September 30, 2022, as part of the closing of the 188Ont acquisition, the Company borrowed \$6,000,000 from HSBC Bank Canada and repaid the balance of the prior MFD acquisition loan in the process. The HSBC facility is a term loan in the amount of \$3,500,000 (first year fixed interest rate of 7.695%) amortized over 36 months and a revolving facility operating loan (line of credit) in the amount of \$2,500,000 (interest rate of prime + 1.10%) – no principal repayments are required on the revolving facility (line of credit). Interest charges are calculated monthly on outstanding balances. In October 2023, the term loan remaining principal was converted to a bankers' note whereas the Company is paying down the principal at the rate of \$101,025 per month and the interest rates are at market. This renewal option was selected as it was the most economical at the time and offered flexibility with the expected interest rates declines for 2024.

Since its inception and up to December 31, 2023, the Company is meeting its bank covenants related to the facilities.

Business valuations were performed by an independent professional business valuator on both MFD and 188Ont/PMG as of December 31, 2023. The professional independent valuator reviewed several factors and concluded that the on-going value of the 188Ont/PMG goodwill and the intangible values for both 188Ont/PMG and MFD were justified and supported. The Company's auditors also reviewed the report and came to the same conclusion.

For the period ended December 31, 2023, the Company had depreciation and amortization in the amount of \$1,515,178 (2022: \$817,969) of which the intangible assets amortization related to the MFD and 188Ont acquisitions represented an amount of \$1,490,000 (2022: \$799,625). The balance of the amortization expense was a combination of fixed assets and ROU assets.

### ***Fair value change in contingent consideration liability***

On September 30, 2022, Ciscom purchased 100% of all issued and outstanding shares of 188Ont for an amount of \$12,488,481 satisfied with the payment of \$5,800,000 in cash, a short-term loan due in 2023 of \$1,163,521, an Earn-Out of \$900,000, a convertible debenture of \$1,400,000 and \$3,435,250 in Common Shares valued at \$0.45 per share (share issuance of 7,633,889 shares). At December 31, 2023, the Earn-Out was maximized at a value of \$900,000 payable in shares at \$0.45 per share for the issuance of 2,000,000 Ciscom shares of the Company. The Ciscom shares were issued March 1, 2024. The difference of \$209,884 between the Earn-Out of \$900,000 and the contingent liability of \$690,116 was expensed in 2023 as an adjustment to the fair value of the contingent consideration.

### ***Income taxes***

As at December 31, 2023, the Company had a taxable income of \$641,554 which was applied to prior priors accumulated losses and as such had no income taxes payable. During the year ended December 31, 2023, income taxes refunds of \$89,156 were recorded for MFD as a function of

applying tax losses to prior years. As at December 31, 2023, the Company had non-capital losses amounting to \$424,253 (December 31, 2022: \$1,157,806) and will expire starting in 2041.

A deferred income tax credit of \$395,013 was recorded for the period ended December 31, 2023, in the Consolidated Statement of Profit and Loss as a function of the MFD and 188Ont acquisitions and their inherent intangible assets (2022: \$215,537). An amount of \$1,731,866 remains as a liability in the Company's Consolidated Statement of Financial Position as of December 31, 2023 (December 31, 2022: \$2,126,879).

**Net Income (Loss)**

For the year ended December 31, 2023, the Company had a net loss in the amount of \$1,461,129 (December 31, 2022, net loss: \$1,545,364).

The operating loss includes significant non-cash items and non-recurring expenses related to professional fees (audits, valuations and legal) which related to the Company's initiative to go public.

As evidence in the Consolidated Statement of Cash Flows, non-cash items for the year ended December 31, 2023, were \$1,827,993 (2022: \$1,044,088) and the Company has significant non-recurring professional fees related to its initiative to become an issuer which was achieved on June 30, 2023.

**Non-IFRS Financial Information and Measures:**

The following financial summary is presented to provide additional insight into the operations and results of the company. Identifying non-cash items and along with non-recurring expenses to remove re-organization expenses and one-time items provide complementary understanding to ongoing operations. The presentation is not IFRS compliant:

<b>Non-IFRS Information and Measures</b>			
<b>Adjusted Net Income (Net Loss) - Cash Basis</b>			
<b>For the 12 months ended December 31</b>			
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net Loss</b>	(1,461,129)	(1,545,364)	84,235
<b>Non-Cash Items</b>			
Share-based compensation	245,917	327,961	(82,044)
Earn-out shares (contingent liability change)	209,884	-	209,884
Legal contingency reserve	300,000	-	300,000
Loan loss provision	201,215	-	201,215
Finance charges (non-cash)	320,972	119,462	201,510
Amortization & Depreciation	1,516,918	812,202	704,716
Deferred income taxes	(395,013)	(215,537)	(179,476)
<b>Adjusted Net Income (Net Loss) - Cash Basis</b>	<b>938,764</b>	<b>(501,276)</b>	<b>1,440,040</b>

<b>Non-IFRS Information and Measures</b>			
<b>Adjusted EBITDA (Operating Loss) - Cash Basis</b>			
<b>For the 12 months ended December 31</b>			
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EBITDA</b>	386,017	(698,291)	1,084,308
<b>Non-Cash Items in Operating Expenses</b>	957,016	327,961	629,055
<b>Adjusted EBITDA (Operating Loss) - Cash Basis</b>	<b>1,343,033</b>	<b>(370,330)</b>	<b>1,713,363</b>

<b>Non-IFRS Information and Measures</b>			
<b>Non-Recurring Cash Expenses included in Results</b>			
<b>For the 12 months ended December 31</b>			
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Professional fees	207,596	597,058	(389,462)
Re-organization costs	237,000	-	237,000
<b>Total Non-Recurring Cash Expenses in Results</b>	<b>444,596</b>	<b>597,058</b>	<b>(152,462)</b>

### **Liquidity**

The Company closed both of its current acquisitions with financing from recognized banks – top quality lenders. BMO is a Canadian Schedule I bank and HSBC Bank of Canada (becoming the Royal Bank of Canada – RBC) is an international banking powerhouse. Being approved and at the borrowing level the Company was able to qualify, is a reflection of the positive perception that both financial institutions have of Ciscom. Both transactions were defined as cash-flow borrowings. Financial institutions, being sophisticated, understood the impact on such loans to the borrower's Statement of Financial Position (balance sheet). In essence, the acquisitions have low capital asset bases and loans are paid back with future profits. The financial institutions know the risks and rely on their thorough due diligence to extend loans. All financial covenants are in good standing at the date of this MD&A.

Consequently, working capital and its ratio are not measures financial institutions use in such cases. The measures are based on debt servicing coverage (cash flow generation) and senior debt to profit.

As at December 31, 2023, the Company had \$515,725 in cash and a total cash availability of \$686,147 (considering the availability of the line of credit) and a negative working capital of \$3,789,199. On December 31, 2022, the Company had \$1,053,042 in cash and a total cash available of \$1,116,658 (considering the availability of the line of credit) and a negative working capital of \$2,931,001. The negative working capital is largely related to the revolving operating loan financing obtained from HSBC in the amount of \$2,500,000 used to complete the 188Ont Acquisition that must be presented as a current liability under IFRS. This \$2,500,000 revolving operating loan has no repayment requirement and remains at that level at all times.

During the year ended December 31, 2023, the Company paid \$900,010 of the due to related parties reducing the balance due to \$214,473. The balance of \$214,473 was paid in January 2024.

The negative working capital, largely caused by the line of credit used to finance the 188Ont acquisition (structured financing by HSBC), will be replenished by profitable operations in the coming months. Consequently, the Company has sufficient capital for the foreseeable future. The Company has been and should continue to be successful in raising additional equity capital. The Company's operations are currently aligned to the retail sector where most of the sales and profits are generated in the fourth quarter.

The 188Ont Acquisition closed on September 30, 2022. 188Ont is a profitable entity producing an operating income before income taxes of over \$2.3M per year. 188Ont has low capital expenditures and no debt. As such, cash flows closely align to net income (before shareholders' distributions/dividends). Consequently, on a consolidated basis, Ciscom has sufficient liquidity and working capital to sustain operations going forward.

The Company (Ciscom) has not declared dividends since its inception.

Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies. The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet its short-term requirements, as well as ongoing operations, and will be able to generate sufficient capital to support the Company's operations in the long-term. However, Ciscom may procure debt financing from time to time to fund its growth and operations.

In order to manage liquidity, Ciscom continue to raise capital from investors and has reduced operational expenses in the past months.

#### **Capital Resources**

Management is not aware of any significant commitments or expected fluctuations with respect to its capital resources at this time for the Company and its subsidiaries.

#### **Fixed Assets and Right-of-Use Assets**

Ciscom (corporate) has no fixed assets.

Over the years, MFD has invested heavily in the development of its proprietary software and IP. As MFD used internal resources to perform the development, criteria for capitalization under IFRS were not met, and as such, investments were expensed yearly and not capitalized. Following the office lease end on March 31, 2023, all office related assets were written off closed on December 31, 2023, at \$Nil as the office was lease was not renewed (2022: \$3,893). Now working 100% remotely (work from home).

As of December 31, 2023, 188Ont fixed asset are low and closed the year at \$30,209 (December 31, 2022: \$40,452). 188Ont did not renew its office lease in November 2020 and has been operating 100% remotely (work from home) since then and in the process disposed of all its furniture, fixtures and equipment. As such, fixed assets are computer hardware and software.

A Right-of-Use Asset related to MFD's office lease expired on March 31, 2022. The lease was renewed effective April 1, 2022, for a period of 12 months on a month-to-month basis ending March 31, 2023, and in the process, MFD reduce the size of the location from 3,603 to 1,802 square feet. As at March 31, 2023, there are no Right-of-Use related to the office lease (March 31, 2022: \$8,332),

and ROU is not recognized for the short-term lease. The lease was not renewed after March 31, 2023.

188Ont has Right-Of-Use assets related to a postage machine and photocopiers with a book value of \$Nil as of December 31, 2023 (December 31, 2022: \$1,348). The postage machine lease ends in February 2024 and the photocopier lease ended in November 2022.

*i) Liquidity and Capital Resources*

Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies. The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet its short-term requirements, as well as ongoing operations, and will be able to generate sufficient capital to support the Company's operations in the long-term. However, Ciscom may procure debt financing from time to time to fund its operations.

The activities of the Company are principally the management and acquisition of established organizations, with solid annual revenue (\$5M minimum). The potential acquisition targets must fit within the Company's model and criteria. Potential acquisition targets will be financed through the completion of equity and debt transactions, such as equity offerings, the issuance of convertible debt, the assumption of standard loans from financial institutions and the issuance of shares. There is no assurance that equity capital or debt financing will be available to the Company in the future in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "Risks and Uncertainties" below.

As of December 31, 2023, and to the date of this MD&A, the cash resources of the Company are held with Canadian chartered banks.

*j) Prospective Acquisitions*

Following Ciscom becoming a public issuer, the Company's objectives are to secure equity and debt financing as it enters in discussions with potential acquisition targets.

As part of the acquisition, Ciscom secured a credit facility with HSBC Bank Canada, an international a Canadian Schedule II chartered bank to satisfy a portion of the cash portion of the 188Ont Acquisition.

*k) Capital Disclosure and Management: The Company manages its capital with the following objectives:*

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and,
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, assuming debt, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and its Board of Directors on an ongoing basis. The Company's ability to

continue to carry out its planned acquisition activities is uncertain and dependent upon securing additional financing.

The Company had issued equity in the amount of \$9,114,565 plus \$900,000 Earn-Out payable in Ciscum Shares as of December 31, 2023 (December 31, 2022: \$8,886,565) and issued 51,563,833 Ciscum Shares plus an additional 2,000,000 Ciscum Shares issued on March 1, 2024 related to the 188Ont Earn-Out (December 31, 2022: 51,108,802).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its on-going activities. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2023. The Company and its subsidiaries operate as one CGU and pool cash for efficient management. The Company is subject to financial covenants with HSBC (lender). All financial covenants are in good standing at the date of this MD&A. Following the 188Ont Acquisition, the Company has profitable operations and his cash flow positive when taking into account on-going current operations.

*l) Financial Instrument and Risk Management: Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:*

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payables and accrued liabilities, and due to related parties approximate their carrying value. The Company's other financial instrument, being cash and cash equivalents, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities and due

to related parties are due within the current operating period. The Company has a sufficient cash and cash equivalents balance to settle current liabilities.

(c) Market risk:

The Company is exposed to price risk with respect to equity prices, interest rate variations and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on deposit with financial institutions and management actively negotiates favorable market related interest rates.

m) Major Shareholders and Related Party Disclosures

To the knowledge of the directors and senior officers of the Company, as at December 31, 2023, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than set out below as at December 31, 2023:

Name	Number of Common Shares issued	Percentage of outstanding and issued Common Shares	Percentage of outstanding Common Shares – fully diluted
Paul Gaynor/Whittaker Inc.	10,943,143	21.2%	19.8%
David and Nashly Mathews	7,633,889	14.8%	13.8%
Total Issued	51,563,833	100.0%	93.4%
Total Ciscom Shares Fully Diluted	55,233,833		100.0%

None of the Company's shareholders have different voting rights than other holders of the Company's common shares.

n) Related party disclosures

Related parties include the members of the Board of Directors, officers of the Company, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

- Since the Company's inception through December 31, 2023, Michel Pepin subscribed to 2,175,000 Ciscom Shares of the Company at prices of \$0.02 per share and \$0.10 per share and was received 2,125,000 Ciscom Shares as a builder of the Company. He was also granted 500,000 Ciscom Options. Mr. Pepin transferred 1,050,000 shares to family members.

The above share subscription and grant for Mr. Pepin were part of Builder's subscriptions and considered normal transactions related to a new company and it begins operations.

*o) Share Capital*

As at December 31, 2023, the Company had issued a total of 51,563,833 Ciscom Shares an additional 2,000,000 Ciscom Shares to be issued (issued March 1, 2024) and 3,670,000 Ciscom Options.

*p) Disclosure of Internal Controls*

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that the financial statements (i) do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, and (ii) fairly present in all material respects the financial condition, results of operations and cash flow of the Company, in each case as of the date of and for the periods presented by such statements.

*q) Risks and Uncertainties*

The acquisition, management and development of acquired companies are subject to certain risks associated with such investments. While the management team of the Company has decades of relevant experience, the Company itself is at an early stage of development. The Company is a new entity, and it acquires established entities with historical solid financial backgrounds which mitigates risks to some extent. Management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

*r) Development Stage Company and Acquisition Risks*

The Company is a roll up company focused primarily on the acquisition and development of businesses. There is no assurance that through any of the Company's acquisition projects that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially advancing and promoting the companies acquired, to maintain existing and increase sales. The acquisition and development of businesses involves a certain degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. Certain expenses may be required to establish cash reserves. The profitability of the Company's operations will be, in part, directly related to the cost and success of its acquisition and development programs, which may be affected by a number of factors.

*s) Capital Markets*

The price of the Company's securities, its financial results, and its access to the capital required to finance its acquisition activities may in the future be adversely affected by market conditions. Factors beyond the Company's control such as, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, taxes, and international political and economic trends, conditions, and events. If these or other factors adversely affect the availability of capital that are the subject of the Company's acquisition efforts, the market price or growth of the Company's securities may decline.

t) *Market Fluctuation and Commercial Quantities*

The market for available and viable companies to acquire is influenced by many factors beyond the Company's control, including without limitation the of capital financing, government legislation and regulations including those relating to prices, interest rates and taxes, and it is impossible to assess with certainty the impact of various factors that may affect commercial viability such that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

u) *Option and Joint Venture Agreements*

The Company has not to date but may enter into option agreements and/or joint ventures as a means of acquiring business interests. Any failure of any partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations could have a material adverse effect on the Company's rights under such agreements. Furthermore, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact its strategic value.

v) *Financing Risks*

Although the Company currently has sufficient cash and cash equivalents, the Company relies on sources of operating cash flow from its subsidiaries. There is no assurance that additional funding will be available to it for further subsequent acquisitions and development of its projects. Further acquisitions and development of the Company's projects may be dependent upon its ability to obtain financing through equity or debt, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further acquisition and development of the Company's projects.

w) *Government Regulations, Permitting and Taxation*

The Company's acquisitions, operations are subject to standard government taxation under the Excise Tax Act of Canada. No abnormal taxation or regulation is expected or that is not provisioned for within an acquisition of a business that the company engages in.

x) *Health, Safety and Community Relations*

The Company's operations through various acquisitions may be subject to various health and safety laws and regulations that impose various duties on the Company's operations relating to, among other things, worker safety and obligations in respect of surrounding communities. The company will be careful to weigh acquisitions opportunities within these categories carefully. These laws and regulations also grant the relevant authorities' broad powers to, among other things, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with the compliance with such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, the Company's operations. The Company would, if necessary, comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, and, to the extent reasonably practicable, to create social and economic benefit in the surrounding communities.

*y) Reliance on Key Personnel*

The Company's development to date has largely depended and in the future will continue to depend on the efforts of key management and other key personnel. A requirement of an acquired business is for their former management to remain on for at least 2 years following the acquisition. Premature Loss of any of these people, particularly to competitors, could have a material adverse effect on the Company's business. Further, with respect to future development of the Company's projects, it may become necessary to attract both international and local personnel for such development. The marketplace for key skilled personnel is becoming more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside the Company's control, including competition for human capital and the high level of technical expertise and experience required to execute this development, will affect the Company's ability to employ the specific personnel required. The failure to retain or attract a sufficient number of key skilled personnel could have a material adverse effect on the Company's business, results of operations and financial condition. The Company has not taken out and does not intend to take out 'key person' insurance in respect of any directors, officers or other employees.

*z) Competitive Industry Environment*

The roll up industry is competitive, both domestically and internationally. The Company's ability to acquire businesses and develop those businesses in the future will depend on its ability to select and acquire suitable profitable, stable and established businesses. The Company may be at a competitive disadvantage in acquiring additional businesses because it must compete with other individuals and companies, many of which have greater financial resources, operational experience, and technical capabilities than the Company. Competition could adversely affect the Company's to realize its objectives.

*aa) Global Financial Conditions*

Recent global financial conditions have been characterized by increased volatility and access to public financing, which has been negatively impacted. These conditions may affect the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. If such conditions continue, the Company's operations could be negatively impacted.

*bb) Covid-19 Risks*

The worldwide emergency measures taken to combat the COVID-19 pandemic are largely past. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn and supply chain issues have caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain uncertain to some extent. We have outlined these risks in more detail below.

*cc) Strategic & Operational Risks*

The resurgence of the COVID-19 pandemic could adversely impact the Company's financial condition in future periods as a result of reduced business opportunities via acquisitions and dispositions of acquisitions and development of those businesses.

*dd) Liquidity risk and capital management*

Market volatility and stressed conditions resulting from a resurgence of the COVID-19 and the measures implemented to control its spread could limit the Company's access to capital markets

and ability to generate funds to meet out capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources.

*ee) Subsequent Events*

Subsequent to December 31, 2023, a claim for wrongful dismissal was filed by the former CEO of the Company that was terminated for cause. The Company filed an Intent to Defend in January 2024. Also in January 2014, the Company issued a claim against the former CEO for the non-repayment of the Promissory Note due on demand that matured December 31, 2023. While the Company believes it will be successful defending both claims, a reserve of \$501,215 was taken and expensed as compensation and loan loss provision in 2023.

In January 2024, the Company repaid in full the loan due to a related parties in the amount of \$214,473.

In January 2024, the Company repaid in full the CEBA loan in the amount of \$40,000 and was forgiven a balance of \$20,000 as per the terms of the loan guaranteed by the government.

On February 5, 2024, the Company issued 650,000 options to employees exercisable for 5 years at market price on February 2, 2024 (prior day close).

On February 8, 2024, the Company held an annual general and special meeting of shareholders where new by-laws and a new stock option plan aligned to public companies, versus private companies, were adopted.

END of the MD&A