

**VALDOR TECHNOLOGY INTERNATIONAL INC.**  
**Management's Discussion & Analysis**  
**Three months ended March 31, 2020**  
**(Stated in U.S. Dollars)**

---

This Management's Discussion and Analysis ("MD&A") of Valdor Technology International Inc. (the "Company") is dated July 14, 2020. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2020 and the Audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2019, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in U.S. dollars unless otherwise indicated.

**FORWARD LOOKING INFORMATION**

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks that could cause the actual results to differ materially from those in forward-looking statements. These factors include market prices, continued availability of capital and financing and general economic or business conditions.

**CORPORATE OVERVIEW**

The Company was incorporated under the British Columbia Company Act on March 19, 1984 and is publicly traded on the TSX Venture Exchange under the symbol VTI-V. The address of the Company's corporate office is 450 - 789 West Pender Street, Vancouver, BC V6C 1H2.

The Company's subsidiary, Valdor Fiber Optics, Inc., is headquartered near San Francisco, California and is an optical fiber components company specializing in the design, manufacture and sale of passive fiber optic components.

**RESULTS OF OPERATIONS**

**Three months ended March 31, 2020**

During the three months ended March 31, 2020 the Company had a comprehensive income of \$119,004 as compared to a comprehensive loss of \$113,150 for the corresponding three months ended March 31, 2019. The revenue from operations of \$100,859 has increased from \$28,483 for the corresponding three months ended March 31, 2019. Total operating expenses for the three months ended March 31, 2020 amounted to \$22,918 as compared to total operating expenses of \$81,217 for the corresponding three months ended March 31, 2019. The decrease in operating expenses can be attributed to reductions in consulting and management fees.

The Company has financed its operations through short term loans during the period.

**VALDOR TECHNOLOGY INTERNATIONAL INC.**  
**Management's Discussion & Analysis**  
**Three months ended March 31, 2020**  
**(Stated in U.S. Dollars)**

---

**Summary of Quarterly Results**

**FOR THE THREE MONTHS ENDED**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>	<b>June 30, 2019</b>
Revenues	\$100,859	\$68,965	\$59,550	\$41,751
Net income (loss) for the period	\$(6,889)	\$706,026	\$33,580	\$(36,926)
Per Share – Basic and diluted	\$(0.00)	\$0.12	(\$0.00)	(\$0.01)

**FOR THE THREE MONTHS ENDED**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>
Revenues	\$28,483	\$30,368	\$23,125	\$44,361
Net loss for the period	\$(73,304)	\$59,875	(\$155,513)	(\$50,564)
Per Share – Basic and diluted	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.01)

There can be material fluctuations in quarterly results. These fluctuations are mainly due to the timing of consulting and management services relating to reviewing potential business acquisitions.

**LIQUIDITY**

The Company's working capital deficiency as at March 31, 2020 was \$1,382,597 is comparable to the December 31, 2019 working capital deficiency of \$1,501,601.

To date, the Company has been able to fund operations primarily through short term loans and through its creditors. The continued volatility in the financial equity markets has made it difficult to raise capital. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

**CAPITAL RESOURCES**

During the reporting period the Company remains dependant upon funds provided by directors, business associates and equity markets for financing.

**OFF-BALANCE SHEET ARRANGEMENTS**

During the reporting period there were no off – balance sheet arrangements.

**VALDOR TECHNOLOGY INTERNATIONAL INC.**  
**Management's Discussion & Analysis**  
**Three months ended March 31, 2020**  
**(Stated in U.S. Dollars)**

---

**RELATED PARTY TRANSACTIONS**

The Company accrued or paid the following expenses with directors and officers of the Company: Rachelle Findlay (Secretary), directors Ryan Pavey and Robert Sanderson, and private companies controlled by officers and directors Brian Findlay (CFO) and Elston Johnston (Chairman of the Board):

	<u>Relationship</u>	<u>2020</u>	<u>2019</u>
<u>Administrative expenses</u>			
Consulting fees	An officer of the Company	\$ 1,116	\$ 4,513
Rent	A private company controlled by the CFO of the Company	<u>5,317</u>	<u>5,158</u>
		<u>6,433</u>	<u>9,671</u>
	<u>Relationship</u>		
<u>Key management compensation</u>			
Consulting fees	A private company controlled by the Chairman of the Board	2,791	18,053
Management fees	A private company controlled by the CFO	<u>2,791</u>	<u>15,796</u>
		<u>5,582</u>	<u>33,849</u>
		<u>\$ 12,015</u>	<u>\$ 43,520</u>

These transactions were measured by the amounts agreed upon by the related parties.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- a) Recoverability of accounts receivable and allowance for doubtful accounts

The Company makes allowances for lifetime expected credit losses based on an assessment of the recoverability of account receivables. Allowances are applied to account receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for lifetime expected credit losses. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables.

**VALDOR TECHNOLOGY INTERNATIONAL INC.**  
**Management's Discussion & Analysis**  
**Three months ended March 31, 2020**  
**(Stated in U.S. Dollars)**

---

b) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8 to the consolidated financial statements.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

a) Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern.

b) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Deferred income taxes are based on estimates as to the timing of the reversal of temporary differences, tax rates currently substantively enacted and the determination of tax assets not recognized. Tax assets not recognized are based on estimates of the probability of the Company utilizing certain tax pools and losses in future periods.

c) Functional currency

The analysis of the functional currency for each entity of the Company is a significant judgment. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of the subsidiaries, management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the Company operates.

**International Financial Reporting Standards ("IFRS")**

Future Accounting Pronouncements

The following new standards and amendments are not yet effective and have not been applied in preparing these consolidated financial statements. The Company does not expect the adoption of this standard to have a significant impact on the consolidated financial statements.

IAS 1 - Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is

**VALDOR TECHNOLOGY INTERNATIONAL INC.**  
**Management's Discussion & Analysis**  
**Three months ended March 31, 2020**  
**(Stated in U.S. Dollars)**

---

material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

## **FINANCIAL AND OTHER INSTRUMENTS**

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

A fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures and due to related parties' carrying amounts approximate their fair values due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the consolidated statements of financial position.

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at March 31, 2020, the Company has a working capital deficiency of \$1,382,597. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

**VALDOR TECHNOLOGY INTERNATIONAL INC.**  
**Management's Discussion & Analysis**  
**Three months ended March 31, 2020**  
**(Stated in U.S. Dollars)**

---

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The company is not exposed to significant risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

d) Foreign-Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The majority of the Company's operations are carried out in the United States of America; however the majority of financing is carried out in Canada. The parent company's operations are in Canada and operate in Canadian dollars. As at March 31, 2020, the Company has Canadian dollars cash of CDN\$1,645, accounts receivable of CDN\$2,223, accounts payable of CDN\$485,297, loans payable of CDN\$172,440, convertible debentures payable of CDN\$363,500, and due to related parties of CDN\$932,813, translated at USD\$1 for every CDN\$1.4187. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the ultimate profitability of the Company. A 10% change in the exchange rate would change other comprehensive income by approximately \$195,000. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

**OUTSTANDING SHARE DATA**

As at July 14, 2020

Common Shares issued	5,812,033
Share purchase options	110,000
Share purchase warrants	-

**OTHER**

Additional information and other publicly filed documents relating to the Company, including its press releases and quarterly and annual reports, are available on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com).