

## MANAGEMENT DISCUSSION AND ANALYSIS

Balsam Technologies Corp. (formerly RewardStream Solutions Inc.) (“Balsam” or the “Company”)

For the nine months ended June 30, 2021

Dated – August 24, 2021

This management’s discussion and analysis (MD&A) was prepared in accordance with National Instrument 51-102, Continuous Disclosure Obligations, and should be read in conjunction with the unaudited condensed interim financial statements and accompanying notes for the nine months ended June 30, 2021 and the annual audited financial statements for the year ended September 30, 2020 and related notes.

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

Certain information included in this MD&A contains forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws, including, without limitation, in respect of the Company’s priorities, plans and strategies and the Company’s anticipated financial and operating performance and prospects. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: the Company’s ability to raise additional financing through debt, equity or other form of financing; the ability to retain or add customers, complete product development plans, retain key staff; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; changes in law; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; disruptions or changes in the credit or securities markets; inflationary pressures; challenges such as lawsuits, to the intellectual property of the Company; and various other events, conditions or circumstances that could disrupt Balsam’s priorities, plans, strategies and prospects. Readers are cautioned that all forward-looking statements and information involve risks and uncertainties. Balsam undertakes no obligation to publicly release the results of any revisions to forward-looking statements and information that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated events.

## OVERVIEW

The Company was incorporated under the laws of British Columbia on March 23, 1999 and continued under the *Canada Business Corporations Act* on December 22, 1999. The Company was subsequently continued under the laws of British Columbia on October 21, 2015. The head office and records are located at Suite 1000, 409 Granville Street, Vancouver, British Columbia V6C 1T2. On February 20, 2020, the Company's listing was transferred to the NEX and on March 30, 2020, was reinstated for trading on the NEX board under the trading symbol "REW.H". Effective October 8, 2020, the Company changed its name to Balsam Technologies Corp and is classified as a technology company and will trade under the trading symbol "BTEC.H".

The Company continues with its search for other business opportunities.

There was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

On April 7, 2020, the Company completed a share consolidation on the basis of 10 old shares for 1 new share. The share consolidation has been retroactively presented in the financial statements and MD&A and all share amounts, including per share amounts, reflect the share consolidations.

The Company has entered into a letter of intent, dated effective March 16, 2021, pursuant to which it proposes to acquire all of the outstanding share capital of Blender Bites Inc. ("Blender Bites") Blender Bites is an arm's-length company, established under the laws of British Columbia, involved in the development and marketing of a line of frozen premium organic and plant-based smoothies.

Blender Bites was founded in 2016 and was first to market in Western Canada with a 100-per-cent-organic, pre-portioned smoothie product that is free of any unnecessary inner plastic packaging. Blender Bites products are 100 per cent organic, vegan, non-GMO (genetically modified organisms), gluten free, dairy free and soy free. They contain no added sugars and are made in Canada. Blender Bites products are distributed nationally across Canada and are currently sold in over 700 stores, including Sobeys, Safeway, Save on Foods, Whole Foods Market, Buy-Low/Nesters, IGA and Fresh Street, with a planned launch in the United States marketplace this summer. Blender Bites anticipates expanding its plant-based footprint in North America through organic growth of the existing brand and through new acquisitions.

In accordance with the terms of the transaction, the company proposes to issue 11.5 million common shares to the existing shareholders of Blender Bites in exchange for all of the outstanding share capital of Blender Bites. Prior to closing of the transaction, the company intends to apply to list its common shares on the Canadian Securities Exchange and voluntarily delist its shares from the TSX Venture Exchange. On closing of the transaction, it is anticipated that the company will change its name to Blender Bites Ltd. and will reconstitute its board and management to consist of an equal number of nominees from the company and Blender Bites.

In connection with completion of the transaction, the company intends to undertake a non-brokered private placement of no less than two million subscription receipts at a price of \$1 per subscription receipt to raise no less than \$2 million. All proceeds from the financing will be held in escrow pending completion of the transaction and will be returned to subscribers in the event the transaction is not completed. Upon

completion of the transaction, each subscription receipt will automatically convert into one common share of the company. All securities issued in connection with the financing, will be subject to a four-month-and-one-day statutory hold period. It is anticipated that approximately \$400,000 of the proceeds from the financing will be utilized to retire existing loans made to Blender Bites.

In connection with the transaction, the company anticipates issuing two million common shares to an arm's-length third party that assisted in introducing the transaction to the company. Following completion of the transaction, and assuming completion of the minimum financing, the company is expected to have approximately 23,428,436 common shares outstanding.

Completion of the transaction remains subject to a number of conditions, including the completion of satisfactory due diligence, the negotiation and finalization of definitive documentation, receipt of any required regulatory and third party consents, approval of minority shareholders of the company to the delisting of the company's common shares from the TSX-V, the company having arranged for third parties to lend no less than \$1 million to Blender Bites, completion of the financing, the CSE having conditionally accepted the listing of the company's common shares, the TSX-V having consented to the voluntarily delisting of the company's common shares, and the satisfaction of other customary closing conditions. The transaction cannot close until the required approvals are obtained and the company's common shares have been delisted from the TSX-V. There can be no assurance that the transaction will be completed as proposed or at all, or that the company's common shares will be listed and posted for trading on any stock exchange. Trading in the company's common shares is currently halted and it is anticipated that trading will remain halted until completion of the transaction.

#### SELECTED ANNUAL INFORMATION

	For the twelve months ended		
	September 30, 2020	September 30, 2019	September 30, 2018
	\$	\$	\$
Revenue	-	-	-
Loss from continuing operations	(284,538)	(888,357)	(1,738,901)
Loss from discontinued operations	-	-	(453,389)
Net loss and comprehensive loss	(284,538)	(888,357)	(2,192,290)
Basic and diluted loss per share from continuing operations	(0.14)	(0.51)	(1.59)
Basic and diluted loss per share from discontinued operations	-	-	(0.42)
Basic and diluted loss per share	(0.14)	(0.51)	(2.01)
Weighted average number of common shares	2,080,084	1,748,313	1,090,778
Total assets	470,141	118,742	945,945
Long-term financial liabilities	-	-	-

During the year ended September 30, 2018, the Company disposed of its referral and reward business to Buyapowa Ltd. Accordingly, the Company reclassified the operation as discontinued operations in its financial statements. Total net loss for 2018 amounted to \$2,192,290, which is lower than the \$2,357,400

for 2017, can be attributed to the recognition of a gain on sale of subsidiary of \$125,708. During the year ended September 30, 2019, the Company recorded a net loss of from continuing operations of \$888,357 as compared to the net loss of \$1,738,901 from continuing operations for 2018. The decrease can be attributed to the reduced operations and to the sale of the referral and reward business. During the year ended September 30, 2020, the Company recorded a net loss from operations of \$284,538 as compared to the net loss of \$888,357 for 2019. During 2020, the Company was going through a corporate restructuring.

#### INTERIM QUARTERLY HIGHLIGHTS

For the quarter ended:	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Revenue	\$ -	\$ -	\$ -	\$ -
Net and comprehensive loss	(199,042)	(275,695)	(78,741)	(56,131)
Loss per share from operations	(0.03)	(0.03)	(0.01)	(0.03)
Weighted average number of shares	7,928,436	7,928,436	5,319,740	2,080,085

For the quarter ended:	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Revenue	\$ -	\$ -	\$ -	\$ -
Net and comprehensive loss	(137,596)	(38,361)	(52,450)	(232,101)
Loss per share from operations	(0.08)	(0.02)	(0.03)	(0.13)
Weighted average number of shares	1,748,312	1,748,312	1,748,312	1,748,312

#### FOURTH QUARTER

N/A

#### RESULTS OF OPERATIONS

##### For the three months ended June 30, 2021:

During the three months ended June 30, 2021, the Company reported a net loss of \$199,042 as compared to \$137,596 net loss for the comparable quarter ended June 30, 2020.

Total expenses for the current quarter amounted to \$199,042 as compared to \$137,596 for the comparable quarter. The majority of the expenses in the current quarter relates to consulting fees paid/accrued to third parties for administrative and accounting services and to a company with a director in common. The majority of the remaining expenses incurred in the current quarter relates to cost associated with maintaining the Company's reporting issuer status and its continuous search for new business opportunities.

On March 16, 2021, the Company entered into a Letter of Intent ("LOI") to acquire all of the outstanding share capital of Blender Bites Inc. ("Blenders Bites") a British Columbia company. As consideration the Company proposes to issue 11,500,000 common shares to the existing shares of Blender Bites in exchange for all of the outstanding shares of Blenders Bites. Prior to closing of the transaction, the Company intends to apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its shares from the TSX Venture Exchange ("TSX-V"). On closing the Company will change its name to Blender Bites Ltd.

For the nine months ended June 30, 2021:

During the nine months ended June 30, 2021, the Company reported a net loss of \$553,478 as compared to \$228,407 net loss for the comparable period ended June 30, 2020.

Total expenses for the current period to date amounted to \$553,478 as compared to \$229,714 for the comparable period ended June 30, 2020. The majority of the expenses in the current quarter relates to consulting fees paid/accrued to a third parties for administrative and accounting services and to a company with a director in common (see related party section for details). The majority of the remaining expenses incurred in the current quarter relates to cost associated with maintaining the Company's reporting issuer status and its continuous search for new business opportunities.

**LIQUIDITY AND CAPITAL RESOURCES**

Liquidity is the risk of the Company not being able to meet its financial obligations as they become due. The Company manages its liquidity risk through budgeting, ongoing management and forecasting of operating cash flows, reviews of trade receivables, management of cash, and use of equity financings when appropriate.

During the period ended June 30, 2021, the Company used \$305,712 in operating activities as compared to \$17,776 for the previous period ended June 30, 2020.

During the period ended June 30, 2021, the Company was provided with \$574,628 in financing activities compared to \$30,000 for the previous period ended June 30, 2020. The financing was provided by a private placement of \$600,000 less \$25,372 in share issue cost.

There was no investing activity during the period ended June 30, 2021 and 2020.

As at June 30, 2021, the Company had cash of \$726,846 and accounts receivable of \$28,698 as compared to a cash balance of \$457,930 and accounts receivable of \$12,211 at September 30, 2020. The Company's current liabilities at June 30, 2021 were \$546,772 and at September 30, 2020 were \$282,520. At June 30, 2021, the Company's working capital was \$208,772 as compared to a working capital of \$187,621 for September 30, 2020.

The Company believes that the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and its potential acquisition of Blenders Bites. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations, it will be dependent on outside financing to continue operations until it is able to achieve positive cash flow. The Company has historically been able to secure financing from outside parties. However, there is no guarantee that cash generated from external financing or operations will be sufficient to sustain the Company's operations for the foreseeable future. In order to maintain sufficient liquidity, the Company may be required to issue additional shares, incur more debt or further reduce operating costs.

On February 4, 2021, the Company completed a non-brokered private placement of 2,608,696 units at a price of \$0.23 per unit for gross proceeds of up to \$600,000. Each unit will consist of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.31 for a period of twelve months expiring on February 4, 2022. The Company recorded \$25,372 in share issue cost.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

Related party transactions not otherwise described in these financial statements are shown below.

The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company, for the nine months ended June 30, 2021 and 2020 are as follows:

	<b>For the nine months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<u>Consulting fees</u>		
Enermetals Ventures Inc. (Pat Morris, Director and former CEO)	\$ -	\$ 50,000
Harmony Corporate Services Ltd; (Geoff Balderson, Director and CFO)	1,779	39,200
1156724 BC Ltd. (Joel Shacker, Director and CEO)	90,000	-
	<b>\$ 91,779</b>	<b>\$ 89,200</b>

Accounts payable and accrued liabilities at June 30, 2021, includes \$208,535 (September 30, 2020 - \$114,035) owing to companies controlled by directors and officers of the Company for unpaid fees.

#### **FINANCIAL INSTRUMENTS**

The type and nature of financial instruments are disclosed in the financial statements of the Company. All of these financial instruments are currently reported at their carrying value as the Company believes that this approximates their fair value due to their short-term nature. As discussed in the financial statements, the Company is exposed to certain risks associated with these financial instruments. These include credit, liquidity and market risk. The Company does not anticipate any significant credit risk at June 30, 2021 as the Company had no accounts receivable related to customers. Liquidity risk and its management has been previously discussed above (see Liquidity). Market risk includes interest rate and foreign currency risk. Due to the short-term nature of its borrowing, the Company does not believe that it is exposed to significant interest rate risk and has therefore, not undertaken any action to mitigate this risk. The Company does not have significant exposure to foreign currency rate fluctuations.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Company's critical accounting estimates and judgements are disclosed in Note 3 of the condensed interim financial statements.

## **PROPOSED TRANSACTIONS**

See Subsequent Events below.

## **SUBSEQUENT EVENTS**

On March 16, 2021, the Company entered into a Letter of Intent ("LOI") to acquire all of the outstanding share capital of Blender Bites Inc. ("Blenders Bites") a British Columbia company. As consideration the Company proposes to issue 11,500,000 common shares to the existing shares of Blender Bites in exchange for all of the outstanding shares of Blenders Bites. Prior to closing of the transaction, the Company intends to apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its shares from the TSX Venture Exchange ("TSX-V"). On closing the Company will change its name to Blender Bites Ltd.

In connection with the completion of the transaction, the Company intends to undertake a non-broker private placement of no less than two million subscription receipts at a price of \$1 per subscription receipt to raise no less than \$2,000,000. All proceeds from the financing will be held in escrow pending completion of the transaction and will be returned to subscribers in the event the transaction is not completed. Upon completion of the transaction, each subscription receipt will automatically convert into one common share of the Company. The Company anticipates issuing two million common shares to an arm's length third party that assisted in introducing the transaction to the Company.

Completion of the transaction remains subject to a number of conditions, including the completion of satisfactory due diligence, the negotiation and finalization of definitive documentation, receipt of any required regulatory and third party consents, approval of minority shareholders of the company to the delisting of the company's common shares from the TSX-V, the company having arranged for third parties to lend no less than \$1 million to Blender Bites, completion of the financing, the CSE having conditionally accepted the listing of the company's common shares, the TSX-V having consented to the voluntarily delisting of the company's common shares, and the satisfaction of other customary closing conditions. The transaction cannot close until the required approvals are obtained and the company's common shares have been delisted from the TSX-V. There can be no assurance that the transaction will be completed as proposed or at all, or that the company's common shares will be listed and posted for trading on any stock exchange.

## DISCLOSURE OF OUTSTANDING SHARE DATA

Below is the summary of the Company's share capital as at June 30, 2021 and as of the date of this report:

Security description	As at	
	August 24, 2021	June 30, 2021
Common shares – issued and outstanding	7,928,436	7,928,436
Warrants	6,180,123	6,180,123
Common shares – fully diluted	14,108,559	14,108,559

## MANAGEMENT AND BOARD OF DIRECTORS

As at the date of the MD&A the board of directors consists of Patrick Morris, Geoff Balderson, Joel Shacker and Adam Cegielski. Joel Shacker has been appointed as Chief Executive Officer of the Company, and replaces Patrick Morris who will remain with the Company as an independent director. Geoff Balderson will continue to serve as Chief Financial Officer of the Company.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.