



**BEYOND MEDICAL**  
TECHNOLOGIES

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**BEYOND MEDICAL TECHNOLOGIES INC.**  
(Formerly Micron Waste Technologies Inc.)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in Canadian dollars)

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## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company. These interim condensed consolidated financial statements have not been reviewed by the Company's external auditors.

**BEYOND MEDICAL TECHNOLOGIES INC.**  
**(Formerly Micron Waste Technologies Inc.)**  
**Interim Condensed Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents		\$ 1,646,174	\$ 624,205
Accounts Receivable	5	106,775	97,009
Inventory	6	574,188	369,053
Prepaid expenses and deposits	7	68,943	104,379
Total current assets		2,396,080	1,194,646
Non-current assets			
Restricted cash	8	29,737	28,750
Deposits	7	8,100	8,100
Property, plant, and equipment	9	436,512	468,648
Right-of-use asset	10	89,822	143,715
Investments at FVTOCI	11	400,000	-
Total non-current assets		964,171	649,213
Total assets		\$ 3,360,251	\$ 1,843,859
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payables and accrued liabilities		\$ 220,423	\$ 186,845
Due to related parties	13	91,357	10,000
Taxes payable		1,011	-
Current portion of lease liability	10	85,398	77,419
Total current liabilities		398,189	274,264
Non-Current Liabilities			
Non-current portion of lease liability	10	22,352	87,589
Total liabilities		420,541	361,853
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	12	23,560,617	20,778,935
Reserves	12	3,228,182	3,043,965
Deficit		(23,849,089)	(22,340,894)
Total shareholders' equity		2,939,710	1,482,006
Total liabilities and shareholders' equity		\$ 3,360,251	\$ 1,843,859

Corporate Information and Going Concern (Note 1)  
Commitments (Note 17)

Approved and authorized for issue by the Board of Directors on November 29, 2021

*"Hyder Khoja"*  
\_\_\_\_\_  
Hyder Khoja, Director

*"Kal Malhi"*  
\_\_\_\_\_  
Kal Malhi, Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**BEYOND MEDICAL TECHNOLOGIES INC.**  
**(Formerly Micron Waste Technologies Inc.)**  
**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	Note	Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues		\$ 265,262	\$ 23,844	\$ 797,161	\$ 23,844
Cost of sales		(93,048)	(15,840)	(322,524)	(15,840)
Gross profit (loss)		172,214	8,004	474,637	8,004
Operating expenses:					
Selling expenses		183,784	-	508,897	-
Business development		58,234	224,054	508,129	718,685
Management fees	13	70,000	78,000	220,000	234,000
Share-based compensation	13	-	-	212,390	7,070
General office and administrative		81,249	7,717	159,283	62,562
Professional fees	13	48,234	33,902	154,441	123,293
Amortization	9	44,065	28,397	129,015	85,190
Consulting fees	13	7,502	85,190	64,150	274,254
Transfer agent and filing fees		3,351	9,320	25,851	39,162
Testing expense		-	-	20,860	-
Research expenses		-	2,760	-	25,505
Total operating expenses		496,419	469,340	2,003,016	1,569,721
Loss before other expenses		\$ (324,205)	\$ (461,336)	\$ (1,528,379)	\$ (1,561,717)
Other income (expenses):					
Interest income (expense)		45,220	(2,338)	45,220	9,900
Realized loss on sale of marketable securities		-	-	-	(17,870)
Unrealized loss on sale of marketable securities		-	-	-	(187,500)
Unrealized gain (loss) on foreign exchange		477	2,281	(36)	1,112
Loss on impairment of equipment	9	(25,000)	-	(25,000)	-
Net loss for the period		\$ (303,508)	\$ (461,393)	\$ (1,508,195)	\$ (1,756,075)
Loss per share, basic and diluted		(0.00)	(0.01)	(0.02)	(0.04)
Weighted average number of shares outstanding		78,728,841	54,577,058	74,228,420	44,570,235

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**BEYOND MEDICAL TECHNOLOGIES INC.**  
**(Formerly Micron Waste Technologies Inc.)**  
**Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	Share Capital (Note 12)		Reserves (Note 12)		Deficit - \$ -	Total - \$ -
	Number of shares	Amount - \$ -	Share-based payment reserve - \$ -	Warrant reserve - \$ -		
<b>Balance, December 31, 2019</b>	<b>39,511,841</b>	<b>18,468,935</b>	<b>1,750,425</b>	<b>17,222</b>	<b>(16,699,505)</b>	<b>3,537,077</b>
Share based compensation	-	-	7,070	-	-	7,070
Stock options expired	-	-	(831,436)	-	831,436	-
Stock options forfeited	-	-	(48,108)	-	48,108	-
Net loss for the period	-	-	-	-	(1,756,075)	(1,756,075)
<b>Balance, September 30, 2020</b>	<b>39,511,841</b>	<b>18,468,935</b>	<b>877,951</b>	<b>17,222</b>	<b>(17,576,036)</b>	<b>1,788,072</b>
<b>Balance, December 31, 2020</b>	<b>56,011,841</b>	<b>20,778,935</b>	<b>877,951</b>	<b>2,166,014</b>	<b>(22,340,894)</b>	<b>1,482,006</b>
Shares issued for private placement	22,199,500	2,774,937	-	-	-	2,774,937
Share issuance costs	-	(112,399)	-	39,221	-	(73,178)
Shares issued for warrants exercised	517,500	51,750	-	-	-	51,750
Fair value of warrants exercised	-	67,394	-	(67,394)	-	-
Fair value of stock options granted	-	-	212,390	-	-	212,390
Net loss for the period	-	-	-	-	(1,508,195)	(1,508,195)
<b>Balance, September 30, 2021</b>	<b>78,728,841</b>	<b>23,560,617</b>	<b>1,090,341</b>	<b>2,137,841</b>	<b>(23,849,089)</b>	<b>2,939,710</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**BEYOND MEDICAL TECHNOLOGIES INC.**  
**(Formerly Micron Waste Technologies Inc.)**  
**Interim Condensed Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)  
**(Unaudited – Prepared by Management)**

	Nine months ended	
	September 30, 2021	September 30, 2020
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Net loss	\$ (1,508,195)	\$ (1,756,075)
Adjustments for non-cash/non-operating items:		
Amortization	129,017	99,753
Share-based compensation	212,390	7,070
Interest on lease payments	9,835	17,870
Unrealized loss on sale of marketable securities	-	187,500
Unrealized loss (gain) on foreign exchange	-	(95)
Loss on impairment of equipment	25,000	-
Changes in non-cash working capital:		
Decrease (Increase) in amounts receivables	(9,766)	195,264
(Increase) in inventory	(205,135)	(223,275)
Decrease in prepaid expense	35,436	314,437
Increase (Decrease) in accounts payable and accrued liabilities	33,578	(78,172)
Increase in taxes payable	1,011	-
Increase in due to related parties	81,357	-
Net cash used in operating activities	<b>(1,195,473)</b>	<b>(1,235,723)</b>
<b>Investing activities</b>		
Proceeds from term deposits	(987)	-
Proceeds from sale of marketable securities	-	257,130
Proceeds from return of work in progress - equipment	-	18,557
Purchase of property, plant and equipment	(67,988)	(379,143)
Loan to another company	(400,000)	-
Acquisition of Micron Technologies Inc.	-	(318,399)
Net cash used in investing activities	<b>(468,975)</b>	<b>(421,855)</b>
<b>Financing activities</b>		
Cash received from private placements, net of share issuance costs	2,701,759	-
Cash received from exercise of warrants	51,750	-
Lease liability payments	(67,093)	(48,697)
Net cash provided by financing activities	<b>2,686,416</b>	<b>(48,697)</b>
Foreign exchange effect on cash	-	95
<b>Increase (Decrease) in cash</b>	<b>1,021,969</b>	<b>(1,706,180)</b>
<b>Cash, beginning of the period</b>	<b>624,205</b>	<b>2,784,525</b>
<b>Cash, end of the period</b>	<b>\$ 1,646,174</b>	<b>\$ 1,078,345</b>

Supplemental cash flow information (Note 18)

The accompanying notes are an integral part of these interim condensed consolidated financial statement

## **BEYOND MEDICAL TECHNOLOGIES INC.**

**(Formerly Micron Waste Technologies Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars, unless stated otherwise)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Beyond Medical Technologies Inc. (formerly “Micron Waste Technologies Inc.”), (the “Company”, “Beyond” or “Micron”), was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The registered office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, B.C. V6E 4N7. Its head office is located at Suite 915, 700 West Pender Street, Vancouver, B.C. V6C 1G8. On January 12, 2021, the Company’s common shares began trading on the Canadian Stock Exchange (“CSE”) on January 12, 2021 under the trading symbol “DOCT”.

The Company started, in 2020, the business of manufacturing of personal protective equipment (“PPE”) mainly medical grade face masks through its newly acquired wholly owned subsidiary, Micron Technologies Inc. (formerly ‘Covid Technologies Inc.’ or ‘Covid Technologies’), (“MTI”).

The Company the decided to discontinue its research and development activities on its waste digester business in the food and pharmaceuticals industries alongside its PPE business. Accordingly, the related equipment has been impaired.

The Company has an accumulated deficit of \$23,849,089 (December 31, 2020 – \$22,340,894). These interim condensed consolidated financial statements (the ‘Financial statements’) have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, there are material uncertainties that cast significant doubt on the Company’s ability to continue as a going concern.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Without additional financing, the Company may not be able to fund its ongoing operations and complete the development activities. Management anticipates that the Company will continue to raise adequate funding through equity or debt financings. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

#### **Impact of COVID-19**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in government worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness.

The Company’s wholly owned subsidiary, MTI, has been manufacturing and selling three-ply medical grade face masks since August 2020. MTI’s N95 Model 8800 face masks have been approved by Health Canada and the US Food and Drug Administration and have passed testing with Kinetics Analytical and Environmental Laboratories. MTI has submitted its N95 Model 8800 face masks to the National Institute for Occupational Safety and Health (“NIOSH”) for certification. Once certification is obtained, it plans to maximize production efforts of N95 masks.

### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

These Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consisting with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). They have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for the cash flow information.

## **BEYOND MEDICAL TECHNOLOGIES INC.**

**(Formerly Micron Waste Technologies Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars, unless stated otherwise)

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### **2. BASIS OF PRESENTATION (Continued)**

These Financial Statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended December 31, 2020, except that they do not include all the disclosures required for the annual audited financial statements. These Financial Statements should be read in conjunction with the audited consolidated financial statements for the Company for year ended December 31, 2020.

#### **Approval of the consolidated financial statements**

These Financial Statements of the Company for the nine months ended September 30, 2021 were approved and authorized for issuance by the Board of Directors on November 29, 2021.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Consolidation**

These Financial Statements include the accounts of the Company and its wholly owned Canadian subsidiaries, Micron Technologies Holding Inc. (since October 19, 2017) and Micron Technologies Inc. (since July 8, 2020), which are entities over which the Company has control. Control exists when the Company has the power and ability, directly or indirectly, to direct the relevant activities of an entity so as to obtain benefit from its activities. Subsidiaries are fully consolidated from the date that control commences until the date the control ceases. The accounting policies of the Company's subsidiaries have been aligned with the policies adopted by the Company. When the Company ceases to control a subsidiary, the financial statements of the subsidiary are de-consolidated.

All intercompany transactions and balances have been eliminated on consolidation.

#### **Foreign currencies**

The reporting and functional currency of the Company and its subsidiaries is the Canadian dollar ("CAD"). Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction, except amortization, which is translated at the rates of exchange applicable to the related assets. Monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined.

#### **Cash and Cash Equivalents**

Cash includes deposits held with banks that are available on demand. Cash equivalents consisted of cashable guaranteed investment certificates that were readily convertible into a known amount of cash within 90 days or less.

#### **Revenue recognition**

Revenue from the sale of personal protective equipment is recognized when all the performance obligations identified in the customer contract, typically consisting of a sales order or a sales invoice, are satisfied. The performance obligations in a typical sale order is at the point in time when control transfers and the obligation has been fulfilled, which is upon shipment to the customer. The amount of revenue recognized is based on a contractual price and is recorded net of sales discounts, if any.



**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Instruments**

The Company's financial instruments are accounted for as follows under IFRS 9:

	IFRS 9
<b>Financial Asset</b>	
Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Accounts receivable	Amortized cost
Restricted cash	FVTPL
Deposits	Amortized cost
<b>Financial Liability</b>	
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost

**Financial Assets**

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Assessment and decision on the business model approach used is an accounting judgement.

*Financial assets measured at amortized costs*

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial Assets (continued)

##### *Financial assets measured at fair value through other comprehensive income (“FVTOCI”)*

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVTOCI, with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this new FVTOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss. The Company does not have any financial assets designated as FVTOCI.

##### *Financial assets measured at fair value through profit or loss (“FVTPL”)*

A financial asset measured at FVTPL is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

##### *Impairment*

In relation to the impairment of financial assets, the Company uses an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses (“ECL”) and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

#### Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

#### Fair Value Hierarchy

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

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

Cash and cash equivalents, accounts receivable, restricted cash, accounts payables and accrued liabilities are recorded at their carrying amounts and approximate their fair values due to their short- term nature.

## BEYOND MEDICAL TECHNOLOGIES INC.

(Formerly Micron Waste Technologies Inc.)

Notes to Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars, unless stated otherwise)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and impact gross profits.

#### Property and Equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company.

Property and equipment are subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

The Company utilizes the declining balance method of amortization. The amortization rates applicable to each category of property and equipment are as follows.

Computer equipment	declining balance	30%
Furniture	declining balance	20%
Leasehold	straight-line basis	5 years
Manufacturing equipment	straight-line basis	5 - 8 years
Manufacturing		

Where an item of property and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

The depreciation method, useful life and residual values are assessed annually. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

## **BEYOND MEDICAL TECHNOLOGIES INC.**

**(Formerly Micron Waste Technologies Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars, unless stated otherwise)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Research and Development Expenditures**

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Expenditures capitalized may include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use – also see abovementioned Development Assets. Other development expenditures are recognized in profit or loss as incurred.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss when incurred.

#### **Intangible Assets**

Intangible assets can be capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets include the patent pending technology acquired by the Company and the patent application costs associated with this internally generated intangible asset. To determine if the future economic benefit is probable depends on the likelihood of the patent application success and that in turn depends on the management's judgement and knowledge.

Intangible assets acquired separately are measured on initial recognition at cost. Licenses acquired separately are measured on initial recognition at fair value. The cost of intangible assets acquired in an asset acquisition is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Development assets include costs associated with the Company's internally developed machines, which are measured at cost less accumulated amortization and accumulated impairment losses. Costs include equipment, tools and systems that are purchased or developed to build the development assets.

Development assets are amortized at 30% using the declining-balance method. Amortization is not considered for development assets when not in use.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The Company amortizes its license over five years using the straight-line basis. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the Cash Generating Unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortization on an intangible asset begins once the asset is available for use.

## **BEYOND MEDICAL TECHNOLOGIES INC.**

**(Formerly Micron Waste Technologies Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars, unless stated otherwise)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Leased Assets**

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may apply the exemption not to recognize ROU asset and lease liabilities for leases with less than 12 months of lease term and leases for low-value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in profit or loss in the period in which they are incurred.

## **BEYOND MEDICAL TECHNOLOGIES INC.**

**(Formerly Micron Waste Technologies Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars, unless stated otherwise)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

#### **Share Capital**

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

#### **Share-based Payment**

The Company grants share options to acquire shares of the Company to directors, officers, employees and consultants. The fair value of options granted is recognized as share-based payments with a corresponding increase in option reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of share-based payments to employees is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based expense reserve is transferred to share capital. For those options that expire or are cancelled, the recorded fair value in share-based expense reserve is transferred to deficit.

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Warrants Issued in Equity Financing Transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the share issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

From time to time in connection with private placements, the Company issues compensatory warrants to agents (“Agent Warrants”) as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. The fair value of Agent Warrants is measured using the Black-Scholes option pricing model that requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

Consideration received upon exercise of warrants is credited to share capital and the related residual value is transferred from warrant reserve to share capital. If warrants expire unexercised, the related fair value is transferred to deficit.

#### **Earnings (Loss) per Share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to common shareholders by the weighted average number of outstanding common shares for the period. Diluted earnings (loss) per share is calculated using the treasury stock method. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. Under the treasury stock method, the number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive. Diluted loss per share is equal to the basic loss per share as net losses were reported during years presented.

#### **Current and Deferred Income Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except for items recognized directly in equity or in other comprehensive income.

##### **a) Current Tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Current and Deferred Income Taxes (continued)**

##### **b) Deferred Tax**

Deferred income tax is provided for based on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### **Impairment of Non-financial Assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.



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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Impairment of Non-financial Assets (continued)**

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Actual outcomes could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Following are the accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position.

##### **a) Estimated useful lives of property and equipment**

The estimated useful lives of property and equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related depreciation included in profit or loss.

##### **b) Deferred income taxes**

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant Accounting Judgments, Estimates and Assumptions (continued)**

**c) Going concern**

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

**d) Determination of control in business acquisition**

The determination of the acquirer in business acquisitions is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power; whether the Company has exposure or rights to variable returns; and whether the Company has the ability to use its power to affect the amount of its returns. In exercising this judgment, management reviewed the representation on the Board of Directors and key management personnel, the party that initiated the transaction, and each of the entities' activities.

The assessment of whether an acquisition constitutes a business is also subject to judgment and requires the Company to review whether the acquired entity contains all three elements of a business, including inputs, processes and the ability to create output. Management has had to apply judgments relating to the asset purchase transaction with the acquisitions of Covid Technologies with respect to whether the acquisition was a business combination or an asset acquisition.

**e) Share-based payment**

The fair value of stock options granted, and compensatory warrants is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behavior. Dividends were not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of options that will forfeit, and the rate is adjusted to reflect the actual number of options that actually vest.

**f) Leases**

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location.

**4. ACQUISITION OF COVID TECHNOLOGIES**

On July 8, 2020, pursuant to the share exchange agreement entered on May 18, 2020, the Company acquired all of the issued and outstanding common shares of Covid Technologies, in consideration for the issuance of 16,500,000 common shares and 16,500,000 warrants ("Replacement Warrants") of the Company. Each Replacement Warrant had an exercise price of \$0.10 per share warrant and expiration date of April 28, 2021. The fair value of the Replacement Warrants was determined to be \$2,148,792 using Black-Scholes option pricing model.

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**4. ACQUISITION OF COVID TECHNOLOGIES (continued)**

For accounting purposes, the Acquisition has been recorded as an asset acquisition as Covid Technologies did not meet the definition of a business at the Acquisition date, as defined in IFRS 3, Business Combinations.

Consideration paid:	
Fair value of 16,500,000 Micron common shares issued	\$ 2,310,000
Fair value of 16,500,000 Replacement Warrants issued	2,148,792
Transaction costs	15,692
<b>Total consideration paid</b>	<b>\$ 4,474,484</b>
Net identifiable assets acquired:	
Cash	241,052
Taxes recoverable and other receivables	25,277
Prepays	209,568
Inventory	172,649
Manufacturing equipment	145,031
Accounts payable and accrued liabilities	(9,148)
Loans payable	(550,000)
<b>Identifiable assets acquired</b>	<b>\$ 234,429</b>
<b>Loss on acquisition of Covid Technologies</b>	<b>\$ 4,240,055</b>

**5. ACCOUNTS RECEIVABLE**

As at September 30, 2021 and December 31, 2020, the Company's accounts receivable is composed of the following:

	September 30, 2021	December 31, 2020
Trade receivable	\$ 77,042	\$ 34,322
GST Receivable	27,716	53,772
Other receivable	2,017	8,915
	<b>\$ 106,775</b>	<b>\$ 97,009</b>

**6. INVENTORY**

As at September 30, 2021 and December 31, 2020, the Company's inventories are composed of the following:

	September 30, 2021	December 31, 2020
Raw material	\$ 405,672	\$ 248,453
Finished goods	168,516	120,600
	<b>\$ 574,188</b>	<b>\$ 369,053</b>

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**7. PREPAID EXPENSES AND DEPOSITS**

As at September 30, 2021 and December 31, 2020, the Company's prepaid expenses and deposits are composed of the following:

	<b>September 30, 2021</b>	December 31, 2020
Business development	\$ 59,898	\$ 30,598
Deposits on inventories	-	38,236
Deposits on machinery and equipment	1,295	-
Office and general	13,224	36,706
Professional fees – Legal retainer	2,625	6,939
	<b>77,043</b>	112,479
Total Prepaid Expenses	<b>68,943</b>	104,379
Total Deposits – Long-term	\$ 8,100	\$ 8,100

**8. RESTRICTED CASH EQUIVALENTS**

As at September 30, 2021, the Company classified \$29,737 (December 31, 2020 - \$28,750) as restricted cash equivalents which includes \$28,750 of GIC and \$987 of interest accrued on GIC. This amount is held as collateral for the Company's corporate credit cards and is invested in GICs at a rate of prime less 2.20%.

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**9. PROPERTY AND EQUIPMENT**

	Land Improvement	Manufacturing equipment	Computer equipment	Furniture and other equipment	WIP – Equipment(1)	Total
<b>Costs:</b>						
Balance, December 31, 2019	\$ 180,176	\$ -	\$ 14,107	\$ 23,535	\$ 45,557	\$ 263,375
Additions	-	379,143	-	-	-	379,143
Disposal	-	-	(9,389)	(23,535)	(20,557)	(53,481)
Balance, December 31, 2020	180,176	379,143	4,718	-	25,000	589,037
Additions	-	67,986	-	-	-	67,986
Impairment	-	-	-	-	(25,000)	(25,000)
<b>Balance, September 30, 2021</b>	<b>\$ 180,176</b>	<b>\$ 447,129</b>	<b>\$ 4,718</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 632,023</b>
<b>Accumulated Depreciation:</b>						
Balance, December 31, 2019	\$ 51,017	\$ -	\$ 2,753	\$ 6,590	\$ -	\$ 60,360
Amortization	36,903	29,127	589	3,883	-	70,502
Disposal	-	-	-	(10,473)	-	(10,473)
Balance, December 31, 2020	87,920	29,127	3,342	-	-	120,389
Amortization	27,675	47,138	309	-	-	75,122
<b>Balance, September 30, 2021</b>	<b>\$ 115,595</b>	<b>\$ 76,265</b>	<b>\$ 3,651</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 195,511</b>
<b>Net Book Value:</b>						
December 31, 2020	\$ 92,256	\$ 350,016	\$ 1,376	\$ -	\$ 25,000	\$ 468,648
<b>September 30, 2021</b>	<b>\$ 64,581</b>	<b>\$ 370,864</b>	<b>\$ 1,067</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 436,512</b>

- (1) WIP – equipment are the development assets comprising of prototype equipment, which the Company has constructed or was in the process of construction, that was intended to transform organic waste into clean water and meets municipal effluent discharge standards. No amortization has been recognized to date as the development assets were not available for use.

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**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Company has entered into non-cancelable operating lease agreement of its offices that terminates on December 31, 2022.

Many leases include one or more options to renew. The Company assumes renewals in the determination of the lease term if the renewals are deemed to be reasonably assured at lease commencement date. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The continuity of the right-of-use asset ("ROU asset") and lease liability for the period ended September 30, 2021 and December 31, 2020 is as follows:

<b>Right-of-use asset:</b>		
Value of right-of-use assets as at December 31, 2019	\$	215,573
Additions		-
Depreciation		(71,858)
Value of right-of-use assets as at December 31, 2020		143,715
Additions		-
Depreciation		(53,893)
Value of right-of-use assets as at September 30, 2021	\$	<b>89,822</b>
<b>Lease liability</b>		
Lease liability recognized as of December 31, 2019	\$	230,964
Lease payments		(90,943)
Lease interests		24,987
Lease liability recognized as of December 31, 2020		165,008
Lease payments		(70,293)
Lease interests		13,035
Lease liability recognized as of September 30, 2021	\$	<b>107,750</b>
Current portion		85,398
Long-term portion		22,352
	\$	<b>107,750</b>

Following table reflects the undiscounted lease obligations payable during the five (5) years subsequent to the period ended September 30, 2021:

	2021	2022	2023	2024	2025	Total
Warehouse lease	\$ 23,505	\$ 94,017	-	-	-	\$117,522

**11. INVESTMENT AT FVTOCI**

On January 13, 2021, the Company entered into a Letter of Intent ("LOI") with Kayan Health Limited ("Kayan Health") to acquire all of the issued and outstanding shares of the latter. As per the Letter of intent with Kayan Health Limited, the Company is required to provide Kayan Health with working capital loan of \$100,000 per month (to a maximum of \$400,000) until the parties have executed a Definitive Agreement. If the Parties do not enter into a Definitive Agreement by April 30, 2021, the aggregate sum of the advanced funds shall automatically convert into fully paid common shares of Kayan Health at a price equal to the price per Kayan Share issued in Kayan Health's next immediate financing of equity securities in an amount

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### **11. INVESTMENT AT FVTOCI (continued)**

not less than \$250,000. If Kayan Health fails to complete a financing of equity securities within six (6) months of the termination of the Letter of Intent, the conversion price will be automatically calculated at a valuation of Kayan of CDN\$6,000,000.

The agreement was terminated on June 7, 2021.

As at September 30, 2021, the Company has advanced \$400,000 to Kayan Health. Upon termination of the LOI, the parties have no further obligations pursuant thereto, except for such continuing obligations as specifically provided for in the LOI, including, but not limited to, the conversion of the \$400,000 previously advanced by the Company to Kayan Health being converted into common shares in the capital stock of Kayan Health in accordance with the terms of the LOI.

As at September 30, 2021, the conversion option of the working capital loan has not been exercised and the Company has reported it as an investment at FVTOCI in accordance with IFRS 9. No unrealized gain or loss has been recognized for the period ended September 30, 2021 (2020 – \$Nil).

### **12. SHARE CAPITAL**

#### Authorizes share Capital

Unlimited number of common shares without par value.

#### Issued and Outstanding

As at September 30, 2021, there were 78,728,841 (December 31, 2020 – 56,011,841) common shares issued and outstanding.

Details of transactions involving common shares are as follows:

#### During the period ended September 30, 2021

On February 5, 2021, the Company closed the first tranche of a private placement for 10,580,000 units at a price of \$0.125 per unit for gross proceeds of \$1,322,500. Each unit consisted of one common share and one share purchase warrant, exercisable at \$0.20 per share for a period of 24 months from the date of closing until February 5, 2023.

The Company paid a total of \$875 in cash finders fees (“Finders’ Fees”) and issued 7,000 finders’ warrants (“Finders’ Warrants”) with a fair value of \$703. The fair value of these Finders Warrants was estimated using the Black-Scholes option pricing model.

On March 11, 2021, the Company closed the second and final tranche for 11,619,500 units at a price of \$0.125 per unit for gross proceeds of \$1,452,437. Each unit consisted of one common share and one share purchase warrant, exercisable at \$0.20 per share for a period of 24 months from the date of closing until March 11, 2023. These warrants were allocated a fair value of \$nil using the residual value method.

The Company paid aggregate cash finders’ fees totalling \$41,746, incurred related legal fees of \$30,557 and issued 333,970 Finders’ Warrants with a fair value of \$38,518. The fair value of these Finders Warrants was estimated using the Black-Scholes option pricing model.

Collectively from both the tranches, the Company raised a total net proceeds of \$2,701,759 and issued a total of 22,199,500 units.

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**12. SHARE CAPITAL (continued)**

*During the period ended September 30, 2021 (continued)*

During the period ended September 30, 2021, the Company issued an aggregate of 517,500 shares for the exercise of warrants for aggregate proceeds of \$51,750. The fair value allocated to these warrants when issued of \$67,394 was reclassified from reserves to share capital.

*During the year ended December 31, 2020*

On May 12, 2020, the Company consolidated its common shares on the basis of one post-consolidated common share for two pre-consolidation common shares. All the figures as to the number of common shares, stock options, warrants, prices of issued shares, exercise prices of stock options and warrants, as well as loss per share, in the consolidated financial statements are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts.

On July 8, 2020, pursuant to the share exchange agreement, the Company acquired all of the issued and outstanding common shares of Covid Technologies Inc. in consideration for the issuance of 16,500,000 common shares of the Company (Note 4).

**Share Purchase Warrants**

The changes in warrants outstanding are as follows:

	Number of options	Weighted average exercise price (\$)	Weighted average life
Balance as at December 31, 2019	15,942,336	0.74	-
Issued	16,500,000	0.10	-
Expired	(3,358,236)	1.00	-
Balance as at December 31, 2020	29,084,100	0.36	-
Issued	22,540,470	0.20	1.40
Exercised	(517,500)	0.10	4.16
Expired	(2,500,000)	0.50	-
Balance as at September 30, 2021	48,607,070	0.28	1.95

As at September 30, 2021, the Company had the following warrants outstanding:

Date of expiry	Warrants	Unit exercise price	Weighted average exercise Price	Weighted average life (Years)
April 13, 2022	5,075,000	0.50	\$ 0.05	0.06
June 1, 2022	5,009,100	1.00	0.10	0.07
April 28, 2025	15,982,500	0.10	0.03	1.18
February 5, 2023	10,587,000	0.20	0.04	0.29
March 11, 2023	11,953,470	0.20	0.05	0.36
Balance at September 30, 2021	48,607,070		\$ 0.28	1.95



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**12. SHARE CAPITAL (continued)**

**Share Purchase Warrants (continued)**

- (1) On May 17, 2019, the expiry date of an aggregate of 5,009,100 common shares purchase warrants issued pursuant to a non-brokered private placement in June 2017 were amended from June 1, 2019 to June 1, 2022 with all other terms remaining the same.

For valuation purposes, the fair values of compensation warrants granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Expected life in years	<b>2</b>	4.81
Volatility	<b>162%</b>	280%
Risk free rate	<b>0.25%</b>	0.32%
Dividend yield	<b>0%</b>	0%

**Stock Options**

The Company has a stock option plan (the “Plan”) whereby the Company is authorized to grant options to officers and directors, insiders, employees and consultants at an exercise price determined by reference to the market value on the date of the grant. The number of shares available for options to be granted under the Company’s Plan is 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company’s shares as calculated on the date of grant. Options granted under the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any one optionee will not exceed 5% of the then issued and outstanding shares. The number of shares reserved for issuance to consultants will not exceed 2% of the then issued and outstanding shares. The number of shares reserved for issuance to employees or consultants engaged in investor relations activities will not exceed 2% of then issued and outstanding shares and must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The minimum exercise price of an option granted under the Plan must not be less than the discounted market price, as such term is defined in the policies of the CSE and other applicable regulatory authorities.

*During the period ended September 30, 2021*

On January 12, 2021, the Company granted a total of 1,500,000 incentive stock options to directors, officers, employees, and consultants of the Company with an exercise price of \$0.125 per share. All the options vested immediately. The options expire on January 12, 2023. The total fair value of these stock options was \$212,390 which was recognized as share-based payment.

On May 11, 2021, 150,000 stock options were forfeited.

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**12. SHARE CAPITAL (continued)****Stock Options (continued)***During the year ended December 31, 2020*

A total of 1,282,500 incentive stock options with a weighted average exercise price of \$0.65 per share expired 30 days following the terminations of employees and a consultant pursuant to the Plan. They included stock options from the following stock options grants:

- 837,500 stock options granted on October 25, 2017 with an exercise price of \$0.60 per share;
- 150,000 stock options granted on April 25, 2018 with an exercise price of \$0.60 per share;
- 82,500 stock options granted on July 6, 2018 with an exercise price of \$1.10 per share;
- 212,500 stock options granted on April 8, 2019 with an exercise price of \$0.72 per share.

On February 15, 2020, following the termination of a consultant, the Company forfeited a total of 100,000 incentive stock options granted on April 8, 2019 but not yet vested.

The changes in stock options outstanding are as follows:

	Number of options	Weighted average exercise price (\$)	Weighted average life
Balance as at December 31, 2019	2,745,000	0.69	-
Options expired	(1,282,500)	0.65	-
Options forfeited	(100,000)	0.72	-
Balance as at December 31, 2020	1,362,500	0.73	-
Options granted	1,500,000	0.13	1.28
Options forfeited/ expired	(150,000)	0.60	-
Balance as at September 30, 2021	2,712,500	0.40	1.42

As at September 30, 2021, the Company had the following stock options outstanding and exercisable:

Date of expiry	Options outstanding	Unit exercise price	Weighted average exercise price	Weighted average remaining Life (Years)
October 25, 2022	637,500	\$ 0.60	\$ 0.15	0.25
July 6, 2023	287,500	1.10	0.11	0.19
April 8, 2024	287,500	0.72	0.08	0.27
January 12, 2023	1,500,000	\$ 0.13	0.07	0.71
Balance as at September 30, 2021	2,712,500		\$ 0.40	1.42

For valuation purposes, the fair values of compensation options granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions:

	September 30, 2021	December 31, 2020
Expected life in years	2	-
Volatility	160%	-
Risk free rate	0.18%	-
Dividend yield	0%	-

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**13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

As at September 30, 2021, \$91,357 (December 31, 2020 - \$10,000) was due to directors and officers of the Company.

	As at	
	September 30, 2021	December 31, 2020
Company controlled by Chief Executive Officer	\$ 80,000	\$ -
Companies controlled by Directors	11,357	10,000
	\$ 91,357	\$ 10,000

During the period ended September 30, 2021, and 2020, the Company entered into the following transactions with related parties:

	Nine months ended	
	September 30, 2021	September 30, 2020
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management fees	\$ 220,000	\$ 234,000
Consulting fees	92,198	88,921
Professional fees	13,200	7,000
Rent	27,000	27,000
Share based payments	99,114	-
	\$ 451,512	\$ 356,921

Management fees were paid or accrued to the following:

	Nine months ended	
	September 30, 2021	September 30, 2020
Company controlled by the CEO	\$ 180,000	\$ 180,000
Company controlled by the CFO	10,000	-
Company controlled by the former CFO	30,000	54,000
	\$ 220,000	\$ 234,000

Consulting fees were paid or accrued to the following:

	Nine months ended	
	September 30, 2021	September 30, 2020
Company controlled by CFO	\$ 5,000	\$ -
Company controlled by Directors	79,548	39,921
Company controlled by former corporate secretary	2,500	5,500
Company controlled by former Director	5,150	43,500
	\$ 92,198	\$ 88,921

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**13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)**

Professional fees were paid or accrued to the following:

	Nine months ended	
	September 30, 2021	September 30, 2020
Company controlled by the CFO	\$ 7,000	\$ -
Company controlled by the former CFO	6,200	7,000
	<b>\$ 13,200</b>	<b>\$ 7,000</b>

Rent of \$27,000 for the period ended September 30, 2021 (2020 – \$27,000) were paid or accrued to a company controlled by the former CFO.

Share based payments include the following:

	Nine months ended September 30, 2021		Nine months ended September 30, 2020	
	Number of options	Share-based payment	Number of options	Share-based payment
Director	350,000	\$ 49,557	-	\$ -
Former CFO	250,000	35,398	-	-
Former Director	100,000	14,159	-	-
	<b>700,000</b>	<b>\$ 99,114</b>	<b>-</b>	<b>\$ -</b>

**14. SEGMENTED INFORMATION**

Until the acquisition of Covid Technologies Inc. on July 8, 2020, the company operates in one reportable operating segment being the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards. Subsequent to the acquisition, the Company is not operating in two reportable segments being Waster treatment and PPE sector. During the period ended September 30, 2021, the Company's net loss per segment is presented as follows:

	Waste Treatment	PPE Sector	Corporate	Total
Revenue	\$ -	\$ 797,161	\$ -	\$ 797,161
Cost of goods sold	-	(322,524)	-	(322,524)
Operating expenses	(130,454)	(754,814)	(1,117,748)	(2,003,016)
Other income (expenses)	(25,000)	268	44,916	20,184
<b>Net loss for the period</b>	<b>\$ (155,454)</b>	<b>\$ (279,909)</b>	<b>\$ (1,072,832)</b>	<b>\$ (1,508,195)</b>

The Company operates in two business segments with operations and long-term assets in Canada. The two business segments include the manufacture of PPE and the development and commercialization of on-site treatment systems that can turn organic waste into clean water that meets municipal effluent discharge standards. The reportable segments were determined based on the nature of the services provided and goods sold. All of the Company's assets and expenditures are located and incurred in Canada. The Company's long-term assets are as follows:

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**14. SEGMENTED INFORMATION (continued)**

	September 30, 2021		December 31, 2020	
	Waste Treatment	PPE Sector	Waste Treatment	PPE Sector
Restricted cash equivalents	\$ -	\$ 29,737	\$ -	\$ 28,750
Deposits - Long-term	8,100	-	8,100	-
Property and Equipment	65,648	370,864	118,632	350,016
Intangibles	89,822	-	143,715	-
	\$ 163,570	\$ 400,601	\$ 270,447	\$ 378,766

At September 30, 2021, long-term assets of \$400,601 relates to the PPE operating segment (December 31, 2020 - \$378,766) and \$163,570 (December 31, 2020 - \$270,447) relates to the waste treatment operating segment.

**15. FINANCIAL AND CAPITAL RISK MANAGEMENT**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest risk, liquidity risk, and foreign exchange rate risk.

**Credit Risk**

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and accounts receivable. The Company's accounts receivable is comprised of trade receivables, GST receivable, other receivables and accrued interest receivable from guaranteed investment certificates ("GICs") held with the bank. GST receivable is not a financial instrument as it does not arise from contractual obligations. The Company limits exposure to credit risk on GICs by holding deposits in high credit quality banking institutions in Canada. The Company is not exposed to significant credit risk on its other receivables. The Company does not have any asset-backed commercial paper included in cash.

The Company's trade receivables are subject to the expected credit loss model. While cash and cash equivalents and trade and accounts receivable are also subject to the impairment requirements of IFRS 9 *Financial Instruments*, the identified impairment loss was minimal.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at September 30, 2021, the Company had working capital of \$1,997,891 (December 31, 2020 - \$920,382). The payment terms for accounts payable and accrued liabilities from vendors are generally 30 days or due on receipt.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks.

**15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature. The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents.

(b) Foreign Exchange Rate Risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the CAD (primarily US\$). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar. The exposure to foreign exchange rate risk is considered low. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. As at September 30, 2021, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have increased (decreased) the Company's net loss before taxes by approximately \$Nil (September 30, 2020 - \$1,197).

(c) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

**Management of Capital**

Capital comprises the Company's shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

With its PPE manufacturing business in operation, the Company started generating some operating revenue. To maintain its ability to continue as a going concern and to further develop its business, the Company is dependent on external financing to fund its future intended business plan. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2021. The Company is not subject to externally imposed capital requirements.

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**16. FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 – Quoted prices (unadjusted) 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 Company classified its financial instruments as follow:

	<b>Financial Assets</b>		<b>Loans and Receivables</b>		<b>Other Financial Liabilities</b>	
	Fair Value Through Profit or loss		Measured at Amortized cost		Measured at Amortized cost	
<b>September 30, 2021</b>						
Cash and cash equivalents	\$	1,646,174	\$	-	\$	-
Accounts receivable		106,775		-		-
Accounts payable		-		-		(188,729)
Due to related parties		-		-		(91,357)
Taxes payable		-		-		(1,011)
Lease liabilities		-		-		(107,750)
	\$	1,752,949	\$	-	\$	(388,847)

	<b>Financial Assets</b>		<b>Loans and Receivables</b>		<b>Other Financial Liabilities</b>	
	Fair Value Through Profit or loss		Measured at Amortized cost		Measured at Amortized cost	
<b>December 31, 2020</b>						
Cash and cash equivalents	\$	624,205	\$	-	\$	-
Accounts receivable		97,009		-		-
Accounts payable		-		-		(121,623)
Due to related parties		-		-		(10,000)
Lease liabilities		-		-		(165,008)
	\$	721,214	\$	-	\$	(296,631)

**Fair Value**

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

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**17. COMMITMENTS**

The Company has certain commitments related to key management compensation for \$10,000 per month with no specific expiry of terms (Note 13).

On December 16, 2020, the Company entered into a media services contract with an arm's length party to assist in investor awareness for the Company. Pursuant to the terms of the agreement, the service provider will, among other items, provide the Company with a 12-month social media campaign, assist the Company with online articles, and distribute video content about the Company. The agreement has a term of twelve (12) months and a cost of \$225,000.

**18. SUPPLEMENTAL CASH FLOW INFORMATION**

The Company incurred the following non-cash financing transactions during the periods ended September 30, 2021 and 2020:

	<b>September 30, 2021</b>	September 30, 2020
	- \$ -	- \$ -
Non-cash financing activities:		
Fair value of agent warrants issued	<b>39,221</b>	-
Fair value of agent warrants exercised	<b>67,394</b>	-
Fair value of stock options vested	<b>212,390</b>	7,070
Fair value of stock options expired	-	831,436
Fair value of stock options forfeited	-	48,108