# Beyond Medical Technologies Inc.

**Management Discussion and Analysis**
**Form 51-102F1**

**For the year ended December 31, 2021**

April 29, 2022

## OVERVIEW

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Beyond Medical Technologies Inc., ("Beyond", "Micron" or the "Company"), its operations, financial performance, current and future business environment and opportunities and risks. This MD&A should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021, and the accompanying notes (the "Financial Statements"), copies of which are filed on the SEDAR website: www.sedar.com.

This MD&A is prepared as of April 29, 2022. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

The financial information in this MD&A is derived from the Company's Financial Statements prepared in accordance with IFRS. Information provided in this MD&A, including financial information extracted from the Financial Statements, is the responsibility of management. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Accordingly, actual results may differ materially from the expected results.

### Conflicts of Interest

Certain directors and officers of the Company are, or may become, directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

## DESCRIPTION OF THE COMPANY'S BUSINESS

Beyond Medical Technologies Inc. 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 725-6388, No.3 Road, Richmond, BC-V6Y 0L4. 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".

In 2020 the Company started, the business of manufacturing personal protective equipment ("PPE") mainly medical grade face masks through its newly acquired wholly owned subsidiary, Micron Technologies Inc. (formerly Covid Technologies Inc.), ("Micron Technologies" or "Covid Technologies").

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

## OVERALL PERFORMANCE

### Kayan Health Limited

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 Kayan Health. Pursuant to the LOI, the Company is required to provide Kayan Health with working capital loans 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 loans 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 not less than $250,000. The LOI was terminated on June 7, 2021.

During the year ended December 31, 2021, the Company 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 of Kayan Health in accordance with the terms of the LOI. As a financing was not completed by Kayan Health, the Company did not receive common shares of Kayan Health during the year ended December 31, 2021.

During the year ended December 31, 2021, management determined the loan was not recoverable and recognized $400,000 as a fair value loss in the statement of loss.

**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. Government regulations included mask and other PPE mandates which has had a positive effect on the Company's PPE manufacturing business. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

The Company's wholly owned subsidiary, Micron Technologies, has been manufacturing and selling three-ply medical grade face masks since August 2020. During the year ended December 31, 2021, Micron Technologies' N95 Model 8800 face masks was approved by all the required health and safety authorities and has received certification from the National Institute for Occupational Safety and Health ("NIOSH"). Subsequent to receiving the approvals and certification, the Company started producing N95 Model 8800 face masks.

On March 11, 2022, the Company announce that they are reviewing the medical face mask manufacturing business for viability. The Company is considering operating Micron Technologies' facility at reduced capacity or potentially terminating its mask manufacturing business via a sale of all inventory and equipment related to its mask manufacturing business and to seek new business opportunities.

## RESULTS OF OPERATIONS

*For the year ended December 31, 2021 vs. December 31, 2020*

The Company had a net loss and comprehensive loss of $2,912,758 for the year ended December 31, 2021 (December 31, 2020 –$6,520,933). The Company's revenue and gross profit amounted to $943,425 (2020 - $208,659) and ($250,491) (2020 – ($73,243)), respectively. The Company generated all its operating revenue from sale of personal protective equipment through one of its subsidiaries, Micron Technologies. The Company's significant operating expenses included the following:

- Business development of $613,986 (2020 - $759,801)
- Management fees of $295,000 (2020 - $Nil)
- Share based compensation of $200,348 (2020 - $7,070)
- General office and administrative of $169,326 (2020 - $107,427)
- Professional fees of $212,046 (2020 - $259,490)
- Amortization of $173,082 (2020 – $142,360)
- Consulting fees of $89,650 (2020 – $587,634)

During the year ended December 31, 2021, the Company had fair value loss on loans receivable of $400,000 (2020 - $Nil) and unrealized loss on sale of marketable securities of $Nil (2020 – $187,500).

Business development of $613,986 (2020 - $759,801) consists of the expenses in relation to promotional activities to create and expand market presence of the Company. With the acquisition of Covid Technologies last year, the Company infused significant funds in advertising the products of the Company to increase the sales. Therefore, the expenditure was comparatively higher during the year ended December 31, 2020.

Management fees of $295,000 (2020 – $Nil) consist of the fees paid to the companies controlled by the CEO and CFO of the Company as discussed under the heading "Transactions with Related Parties".

Share based compensation of $200,348 (2020 - $7,070) consist of the fair value of the stock options vested during the year. The Company issued stock options to officers, directors and employees of the Company which vested during the year ended December 31, 2021.

General office and administrative of $169,326 (2020 - $107,427) relates to the expense incurred to support Company's day-to-day operational activities. With the acquisition of Covid Technologies, Company's support activities have increased significantly which increased the general office and administrative expenses.

Professional fees of $212,046 (2020 - $259,490) consist of expenses in relation to the Company's financial recording and reporting activities, and legal fees charged by the lawyers. The decrease in fees mainly refer to the absence of acquisition transaction that caused the higher legal fees in prior year. Please also refer to "Transactions with Related Parties."

Amortization of $173,082 (2020 - $142,360) refers to amortization of property and equipment as well as the right-of-use asset for the Company's leased property. The increase for the year ended December 31, 2021 is mainly due to the additional amortization brought by new manufacturing acquired during the year.

Consulting fees of $89,650 (2020 - $587,634) consist of the fees paid in relation to corporate and operational advisory services received from various consultants. The amount has significantly decreased from comparative period as the management hired new cost-effective consultants during the current year.

## FOURTH QUARTER

*For three months ended December 31, 2021 vs. December 31, 2020*

The Company had a net loss and comprehensive loss of $1,404,563 for the three months ended December 31,2021 (2020 - $4,764,858). Revenues and gross profit (loss) during the quarter ended December 31, 2021 amounted to $146,264 (2020 - $184,815) and ($261,393) (2020 - $73,243) respectively. The Company's significant operating expenses included the following.

- Business development of $105,857 (2020 - $224,054)
- Management fees of $75,000 (2020 - $78,000)
- General office and administrative of $10,740 (2020 - $7,717)
- Professional fees of $57,605 (2020 - $136,197)
- Amortization of $44,067 (2020 - $28,397)
- Consulting fees of $25,500 (2020 – $79,380)

Business development of $105,857 (2020 - $224,054) consists of the expenses in relation to promotional activities to create and expand market presence of the Company. During the quarter ended December 31, 2021, the Company undertook less promotional activities. Accordingly, the business development expenses were lower in comparison to the quarter ended December 31,2020.

Management fees of $75,000 (2020 - $78,000) was comparatively similar to the quarter ended December 31, 2020.

General office and administrative of $10,740 (2020 - $7,717) was comparatively similar to the quarter ended December 31, 2020.

Professional fees of $57,605 (2020 - $136,197) decreased since the Company incurred significant legal fees during the quarter ended December 31, 2020, in relation to the acquisition of Covid Technologies.

Amortization of $44,067 (2020 - $28,397) refers to amortization of property and equipment as well as the right-of-use asset for the Company's leased property. The increase for the quarter ended December 31, 2021 is mainly due to the additional amortization brought by new manufacturing equipment acquired during the last year.

Consulting fees of $25,500 (2020 - $79,380) has significantly decreased from comparative period as most of the consulting agreements entered by the Company matured and the management entered into new cost-effective consulting contracts during the last year.

## SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters:

| | Three months ended | | | |
|---|---|---|---|---|
| | December 31, 2021(1) | September 30, 2021(2) | June 30, 2021(3) | March 31, 2021(4) |
| Total revenue | $ 146,264 | $ 268,935 | $ 265,262 | $ 262,964 |
| Loss and comprehensive loss | 1,404,563 | 303,508 | 397,212 | 807,475 |
| Loss per share | 0.02 | 0.02 | 0.00 | 0.01 |

| | Three months ended | | | |
|---|---|---|---|---|
| | December 31,2020(5) | September 30, 2020(6) | June 30, 2020(7) | March 31, 2020 |
| Total revenue | $ 184,815 | $ 23,844 | $ - | $ - |
| Loss and comprehensive loss | 4,764,858 | 461,393 | 735,085 | 559,599 |
| Loss per share | 0.084 | 0.01 | 0.019 | 0.014 |

(1) The Company had revenue of $146,264 from its PPE manufacturing business. The increase in the net loss during the quarter ended December 31, 2021, as compared to the previous quarter was primarily attributable to the decrease revenue, impairment of property and equipment and right-of-use assets and fair value losses on loans receivable.
(2) The Company had revenue of $268,935 from its PPE manufacturing business. The decrease in the net loss during the quarter ended September 30, 2021, as compared to the previous quarter was primarily attributable to the decrease in expenses in relation to business development, selling activities, and increase in the interest income being partially set off by increase in general office and administrative expenses
(3) The Company had revenue of $265,262 from its PPE manufacturing business. The loss during the quarter ended June 30, 2021, was lower than the quarter ended March 31, 2021 due to the lower business development costs as well as the absence of share-based payments during the quarter.
(4) The Company had revenue of $262,964 from its PPE manufacturing business. The decreased loss and comprehensive loss for the quarter ended March 31, 2021, as compared with the quarter ended December 31, 2020, was mainly due to the loss of $4,240,055 on acquisition of Covid Technologies recognized in the quarter ended December 31, 2020.
(5) The Company had revenue of $184,815 from its PPE manufacturing business. The increased loss and comprehensive loss for the quarter ended December 31, 2020, as compared with the quarter ended September 30, 2020, was mainly due to the loss on acquisition of Covid Technologies recognized in the quarter.
(6) The Company started generating revenue from its new PPE manufacturing business. The decreased loss and comprehensive loss for the quarter ended September 30, 2020, as compared with the quarter ended June 30, 2020, was mainly due to decreases in consulting fees/salaries partially offset by increases in business development expenses and costs of goods sold.
(7) The increased loss and comprehensive loss for the quarter ended June 30, 2020, as compared with the quarter ended March 31, 2020, was mainly due to increases in business development expenses partially offset by decreases in consulting fees/salaries.

## LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

The Company's operating, investing, and financing activities for the year ended December 31, 2021, resulted in a net increase in cash of $806,556 (December 31, 2020 – net decrease of $2,160,320). As at December 31, 2021, the Company's current assets included cash and cash equivalents of $1,430,761 (December 31, 2020 - $624,205), prepaid expenses of $26,858 (December 31, 2020 - $104,379), accounts receivable of $27,803 (December 31, 2020 - $97,009) and inventory of $322,463 (December 31, 2020 - $369,053). The Company's current liabilities include accounts payable and accrued liabilities, due to related parties, taxes payable and current portion of lease liabilities of $413,278 (December 31, 2020 - $274,264).

| | | **As at December 31, 2021** | | As at December 31, 2020 |
|---|---|---|---|---|
| Working capital [(1)] | **$** | **1,394,607** | $ | 920,382 |
| Deficit | **$** | **25,253,652** | $ | 22,340,894 |

Working capital increased by $474,225 during the year ended December 31, 2021. The increase in working capital could be attributed primarily to the unit Private Placement offering.

During the year ended December 31, 2021, the Company generated revenue from its PPE manufacturing business with a gross loss of $250,491 (2020 – $73,243). 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 announced to reducing operations of the PPE manufacturing business on March 11, 2022 due to recently lifted mask mandates and as demand of face masks rapidly declines.

The pandemic caused by COVID-19 has not had a direct adverse effect on the business and affairs of the Company. For the Company to have sufficient liquidity to fund its ongoing operations and complete development activities, the Company intends to continue financing its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. The Company estimates it will have sufficient capital to continue operations for the upcoming year.

*Non-GAAP Financial Measure*

The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities[(1)]. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies.

(1) Working capital is calculated as current assets (December 31, 2021 - $1,807,885; December 31, 2020 - $1,194,646), less current liabilities (December 31, 2021 - $413,278; December 31, 2020 - $274,264).

**Financing**

On February 5, 2021, the Company closed the first tranche of a non-brokered private placement (the "Private Placement") whereby it issued 10,580,000 units at a purchase price of $0.125 per unit for gross proceeds of $1,322,500. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each share purchase warrant will entitle the holder to acquire one common share at a price of $0.20 per warrant until February 5, 2023.

The Company paid a total of $875 in cash finders' fees and issued 7,000 finders' warrants to an eligible finder. Each finders' warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share until February 5, 2023

On March 11, 2021, the Company closed the second and final tranche of the Private Placement whereby it issued 11,619,500 units for gross proceeds of $1,452,438. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each share purchase warrant will entitle the holder to acquire one common share at a price of $0.20 per warrant until March 11, 2023.

The Company paid aggregate cash finders' fees totaling $41,746, incurred related legal fees of $30,557, and issued 333,970 finders' warrants. Each finders' warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share until March 11, 2023.

During the year ended December 31, 2021, the Company issued 517,500 common shares towards the exercise of share warrants for an aggregate value of $51,750.

**Contingencies**

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. As of the date of this report, the Company is not aware of any material or significant claims against the Company.

## OUTSTANDING SHARE DATA

As at December 31, 2021 and the date of this report, the Company has:

| | Report date | December 31, 2021 |
|---|---|---|
| Issued and outstanding common shares | **79,139,750** | **79,139,750** |
| Warrants outstanding | **48,607,070** | **48,607,070** |
| Stock options outstanding | **3,200,000** | **1,100,000** |

## OFF BALANCE SHEET ARRANGEMENTS

To the best of Management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

## COMMITMENTS

The Company has the following lease commitments. This undiscounted lease obligation is payable subsequent to the year ended December 31, 2021:

| | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|---|---|---|---|---|---|---|
| Warehouse lease | $ 93,586 | - | - | - | - | $93,586 |

The Company has certain commitments related to key management compensation for $10,000 per month with no specific expiry of terms. See also "Transactions with Related Parties".

## SEGMENTED INFORMATION

The Company operates in two business segments with operations and long-term assets in Canada. The two business segments include the manufacturing of PPE and Waste Treatment, 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. During the year ended December 31, 2021, the Company's net loss per segment is presented as follows:

| | Waste Treatment | PPE Sector | Corporate | Total |
|---|---|---|---|---|
| Revenue | $ - | $ 943,425 | $ - | **$ 943,425** |
| Cost of goods sold | - | (634,149) | - | **(634,149)** |
| Direct selling expense | - | (559,767) | - | **(559,767)** |
| Operating expenses | (169,898) | (308,076) | (1,390,453) | **(1,868,427)** |
| Other income (expenses) | (25,000) | (367,559) | (401,281) | **(793,840)** |
| **Net loss for the year** | **$ (194,898)** | **$ (926,126)** | **$ (1,791,734)** | **$ (2,912,758)** |

During the year ended December 31, 2020, the Company's net loss per segment is presented as follows:

| | Waste Treatment | PPE Sector | Corporate | Total |
|---|---|---|---|---|
| Revenue | $ - | $ 208,659 | $ - | **$ 208,659** |
| Cost of goods sold | - | (183,974) | - | **(183,974)** |
| Direct selling expense | - | (97,928) | - | **(97,928)** |
| Operating expenses | (324,441) | (212,184) | (1,465,313) | **(2,001,938)** |
| Other income (expenses) | (32,063) | (4,237,778) | (175,911) | **(4,445,752)** |
| **Net loss for the year** | **(356,504)** | **(4,523,205)** | **(1,641,224)** | **(6,520,933)** |

All of the Company's assets and expenditures are located and incurred in Canada. The Company's long-term assets are as follows:

| | **December 31, 2021** | | December 31, 2020 | |
|---|---|---|---|---|
| | **Waste Treatment** | **PPE Sector** | Waste Treatment | PPE Sector |
| Restricted cash | **$ -** | **$ 30,470** | $ - | $ 28,750 |
| Deposits – non-current | **-** | **-** | 8,100 | - |
| Property and equipment | **963** | **113,500** | 118,632 | 350,016 |
| Right-of-use-asset | **-** | **-** | 143,715 | - |
| | **$ 963** | **$ 143,970** | $ 270,447 | $ 378,766 |

## RELATED PARTY TRANSACTIONS

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 December 31, 2021, $119,440 (December 31, 2020 - $10,000) was due to directors and officers of the Company.

| | As at | |
|---|---|---|
| | **December 31, 2021** | December 31, 2020 |
| Company controlled by Chief Executive Officer | **$ 91,625** | $ - |
| Companies controlled by Chief Financial Officer | **12,458** | - |
| Company controlled by Directors | **15,357** | 10,000 |
| | **$ 119,440** | $ 10,000 |

(1) $15,357 comprises of $2,857 to Harveer Sidhu, $11,000 to Michael Kelly and $1,500 to Dr. Hyder Khoja

During the year ended December 31, 2021, and 2020, the Company entered into the following transactions with related parties:

| | For the year ended | | | |
|---|---|---|---|---|
| | | **December 31, 2021** | | December 31, 2020 |
| Expenses paid or accrued to directors of the Company, senior officers and companies with common directors: | | | | |
| Management fees | **$** | **295,000** | $ | 270,000 |
| Consulting fees | | **40,650** | | 162,992 |
| Professional fees | | **37,521** | | 7,000 |
| Direct selling expense | | **67,619** | | - |
| Rent | | **27,000** | | 36,000 |
| Share based payments | | **93,496** | | - |
| | **$** | **561,286** | $ | 475,992 |

Management fees were paid or accrued to the following:

| | For the year ended | | | |
|---|---|---|---|---|
| | | **December 31, 2021** | | December 31, 2020 |
| Company controlled by the CEO | **$** | **240,000** | $ | 240,000 |
| Company controlled by the CFO | | **25,000** | | - |
| Company controlled by the CTO | | **-** | | 30,000 |
| Company controlled by the former CFO – Michael Sadhra | | **30,000** | | - |
| | **$** | **295,000** | | 270,000 |

Consulting fees were paid or accrued to the following:

| | For the year ended | | | |
|---|---|---|---|---|
| | | **December 31, 2021** | | December 31, 2020 |
| Company controlled by CFO | **$** | **5,000** | **$** | **-** |
| Companies controlled by Directors | | **28,000** | | 306,000 |
| Company controlled by the former CFO | | **-** | | 72,000 |
| Company controlled by the former corporate secretary | | **2,500** | | - |
| Company controlled by Michael Malana | | **5,150** | | 54,992 |
| | **$** | **40,650** | $ | 432,992 |

(1) Consulting fees of $28,000 paid or accrued to directors comprises $10,000 towards Michael Kelly, and $18,000 towards a company controlled by Dr. Hyder Khoja. In 2020, consultancy fee of $306,000 comprise of $18,000 was paid or accrued to Dr. Hyder Khoja, $18,000 was paid or accrued to Michael Malana, $270,000 was paid or accrued to company owned by director and chairman and former CTO and director. The consultancy fee of $72,000 was paid or accrued to a company owned by the CFO and $54,992 was paid to a company controlled by Harveer Sidhu.

(2) Consulting fees of $5,150 was paid or accrued towards Michael Malana, a former director.

Professional fees were paid or accrued to the following:

| | For the year ended | | | |
|---|---|---|---|---|
| | | **December 31, 2021** | | December 31, 2020 |
| Company controlled by the CFO | **$** | **31,321** | **$** | **-** |
| Company controlled by the former CFO | | **6,200** | | 43,000 |
| | **$** | **37,521** | $ | 43,000 |

Rent of $27,000 for the year ended December 31, 2021 (2020 – $36,000) was paid or accrued to a company controlled by the CEO.

Share-based payments include the following:

| | **For the year ended December 31, 2021** | | For the year ended December 31, 2020 | |
|---|---|---|---|---|
| | **Number of options** | **Share-based payment** | Number of options | Share-based payment |
| Director | **350,000** | **$ 46,748** | - | $ - |
| Former CFO | **250,000** | **33,391** | - | - |
| Former Director | **100,000** | **13,357** | - | - |
| | **700,000** | **$ 93,496** | - | $ - |

On January 12, 2021, the Company issued 350,000 stock options to the directors (Harveer Sidhu – 250,000, Hyder Khoja – 100,000), 250,000 stock options to former CFO (Michael Sadhra) of the Company, and 100,000 stock options to a former director (Michael Malana) of the Company.

On December 31, 2021, the Company cancelled 250,000 stock options of Michael Sadhra, and 100,000 stock options of Michael Malana from the stock options issued dated January 12, 2021.

## CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 3 of the Notes to the audited consolidated financial statements for the year ended December 31, 2021, that are available on SEDAR at www.sedar.com.

## 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:

| | **Financial Assets** | **Loans and Receivables** | **Other Financial Liabilities** |
|---|---|---|---|
| | Fair Value Through Profit or loss | Measured at Amortized cost | Measured at Amortized cost |
| **December 31, 2021** | | | |
| Cash and cash equivalents | $ 1,430,761 | $ - | $ - |
| Accounts receivable | | 4,957 | - |
| Accounts payable and accrued liabilities | - | - | (174,565) |
| Due to related parties | - | - | (119,440) |
| Taxes payable | - | - | (34,187) |
| Lease liabilities | - | - | (85,086) |
| | $ 1,430,761 | $ 4,957 | $ (413,278) |

| | Financial Assets | Loans and Receivables | Other Financial Liabilities |
|---|---|---|---|
| | Fair Value Through Profit or loss | Measured at Amortized cost | Measured at Amortized cost |
| **December 31, 2020** | | | |
| Cash and cash equivalents | $ 624,205 | $ - | $ - |
| Accounts receivable | - | 43,237 | - |
| Accounts payable and accrued liabilities | - | - | (186,845) |
| Due to related parties | - | - | (10,000) |
| Lease liabilities | - | - | (165,008) |
| | 624,205 | $ 43,237 | $ (361,853) |

## PROPOSED TRANSACTIONS

The Company has no proposed transactions as at the date of this MD&A.

## RISKS AND UNCERTAINTIES

### FINANCIAL RISK

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*, for the year ended December 31, 2021, the Company has provided for allowance of doubtful debts of $40,969 (December 31, 2020 - $nil).

### 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 December 31, 2021, the Company had working capital of $1,394,607 (December 31, 2020 - $920,382). The payment terms for accounts payable and accrued liabilities from vendors are generally 30 days or due on receipt.

| | Carrying amount | Contractual cash flows | 1 year or less | 1 -5 Years |
|---|---|---|---|---|
| **As at December 31, 2021** | | | | |
| Accounts payable and accrued liabilities | $ 174,565 | $ 174,565 | $ 174,565 | $ - |
| Due to related parties | 119,400 | 119,400 | 119,400 | - |
| Taxes payable | 34,187 | 34,187 | 34,187 | - |
| Lease liabilities | 85,086 | 93,586 | 93,586 | - |
| | $ 413,238 | $ 421,738 | $ 421,738 | $ - |

| | Carrying amount | Contractual cash flows | 1 year or less | 1 -5 Years |
|---|---|---|---|---|
| **As at December 31, 2020** | | | | |
| Accounts payable and accrued liabilities | $ 186,845 | $ 186,845 | $ 186,845 | $ - |
| Due to related parties | 10,000 | 10,000 | 10,000 | - |
| Lease liabilities | 165,008 | 187,171 | 93,586 | 93,585 |
| | $ 361,853 | $ 384,016 | $ 290,431 | $ 93,585 |

### 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 risk.

(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 December 31, 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 (December 31, 2020 - $512).

(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 income. 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 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 year ended December 31, 2021. The Company is not subject to externally imposed capital requirements.

**Uninsurable Risks**

The business of the Company may not be insurable, or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

**Financing and Share Price Fluctuation Risks**

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's common shares.

**Risks Associated with Acquisitions**

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

### Economic Environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability.

### COVID-19 Pandemic Risk

The COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, may all potentially impact the Company's operations and access to capital. As of date, the COVID-19 pandemic has not had a direct adverse effect on the business and affairs of the Company. However, there can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the financing capital available in the waste technology sector.

## OTHER MATTERS

### Legal proceedings

The Company is not aware of any legal proceedings.

### Contingent liabilities

At the date of report, management was unaware of any outstanding contingent liability relating to the Company's activities.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the Financial Statements of the Company.

## OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.

## DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are engaged in the similar line of business. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Effective February 10, 2021, Dr. Bharat Bhushan, resigned as Chief Technology Officer ("CTO") and as a director of the Company.

Effective February 11, 2021, Mr. Michael Kelly was appointed to the Company's Board of Directors.

Effective April 13, 2021, Mr. Michael Malana, resigned as Director of the Company and Chair of the Audit Committee. Dr. Hyder Khoja assumed the position of the interim Chair of the Audit Committee until a permanent replacement is appointed.

Effective June 1, 2021, Mike Sadhra resigned as Chief Financial Officer ("CFO") of the Company.

Effective August 4, 2021, Zara Kanji was appointed as CFO of the Company.

Current Directors and Officers of the Company are as follows:

Kal Malhi, CEO and Director
Zara Kanji, CFO
Hyder Khoja, Director and Audit Chair
Harveer Sidhu, Director
Micheal Charles Kelly, Director