



**BEYOND MEDICAL**  
TECHNOLOGIES

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**BEYOND MEDICAL TECHNOLOGIES INC.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021  
(with comparative AUDITED Figures as at December 31, 2021)

(Expressed in Canadian dollars)

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

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the 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 unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed consolidated financial statements by an entity's auditor.

**August 25, 2022**

**BEYOND MEDICAL TECHNOLOGIES INC.**  
**Interim Condensed Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents		\$ 877,314	\$ 1,430,761
Accounts receivable	4	15,653	27,803
Inventory	5	281,095	322,463
Prepaid expenses and deposits	6	20,707	26,858
Total current assets		1,194,769	1,807,885
Non-current assets			
Restricted cash	7	28,825	30,470
Property and equipment	8	82,363	114,464
Total non-current assets		111,188	144,934
Total assets		\$ 1,305,957	\$ 1,952,819
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payables and accrued liabilities		\$ 188,230	\$ 174,565
Due to related parties	12	86,932	119,440
Taxes payable		2,982	34,187
Current portion of lease liability	9	42,261	85,086
Total liabilities		320,405	413,278
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	23,577,053	23,577,053
Reserves	11	3,312,718	3,216,140
Deficit		(25,904,219)	(25,253,652)
Total shareholders' equity		985,552	1,539,541
Total liabilities and shareholders' equity		\$ 1,305,957	\$ 1,952,819

Corporate Information and Going Concern (Note 1)  
Commitments (Note 16)  
Subsequent Events (Note 18)

Approved and authorized for issue by the Board of Directors on August 25, 2022

"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.**  
**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	Note	Three months ended		Six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenues		\$ 35,372	\$ 268,935	\$ 161,637	\$ 531,899
Cost of sales		(24,702)	(90,514)	(149,340)	(229,476)
Direct selling expenses		(35,855)	(213,481)	(109,220)	(325,113)
Gross profit (loss)		(25,185)	(35,060)	(96,923)	(22,690)
Operating expenses:					
Amortization	8	71	43,050	143	84,950
Business development		16,223	132,564	125,187	449,895
Consulting fees	12	25,500	14,898	26,000	56,648
Equipment rental		-	1,830	-	4,530
General office and administrative		21,255	36,111	44,268	73,504
Lease interest expense	9	3,015	-	4,400	-
Management fees	12	79,800	72,000	150,000	150,000
Professional fees	12	52,822	46,605	86,077	106,207
Research expenses		-	6,390	-	20,860
Share-based compensation	11,12	-	-	122,553	212,390
Other selling expenses		77	-	633	-
Transfer agent and filing fees		4,329	8,100	24,135	22,500
Total operating expenses		203,092	361,548	583,396	1,181,484
Loss before other expenses		\$ (228,277)	\$ (396,608)	\$ (680,319)	\$ (1,204,174)
Other (income) expenses:					
Other income	4	1,427	-	1,427	-
Interest income		-	-	157	-
Unrealized loss (gain) on foreign exchange		1,230	(604)	2,193	(513)
Net loss		\$ (225,620)	\$ (397,212)	\$ (676,542)	\$ (1,204,687)
Loss per share, basic and diluted		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding		79,139,750	78,523,896	79,139,750	71,802,791

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

**BEYOND MEDICAL TECHNOLOGIES INC.****Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Share Capital (Note 11)		Reserves (Note 11)		Deficit	Total
	Number of Shares	Share Capital	Share-based payment reserve	Warrant reserve		
<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 year	-	-	-	-	(1,204,687)	(1,204,687)
<b>Balance, June 30, 2021</b>	<b>78,728,841</b>	<b>23,560,617</b>	<b>1,090,341</b>	<b>2,137,841</b>	<b>(23,545,581)</b>	<b>3,243,218</b>
<b>Balance, December 31, 2021</b>	<b>79,139,750</b>	<b>\$ 23,577,053</b>	<b>\$ 1,078,299</b>	<b>\$ 2,137,841</b>	<b>\$(25,253,652)</b>	<b>\$ 1,539,541</b>
Fair value of warrants expired/cancelled	-	-	-	(17,222)	17,222	-
Fair value of stock options granted	-	-	122,553	-	-	122,553
Fair value of stock options expired/cancelled	-	-	(8,753)	-	8,753	-
Net loss for the period	-	-	-	-	(676,542)	(676,542)
<b>Balance, June 30, 2022</b>	<b>79,139,750</b>	<b>\$ 23,577,053</b>	<b>\$ 1,192,099</b>	<b>\$ 2,120,619</b>	<b>\$(25,904,219)</b>	<b>\$ 985,552</b>

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

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

	Six months ended	
	June 30, 2022	June 30, 2021
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Net loss	\$ (676,542)	\$ (1,204,687)
Adjustments for non-cash/non-operating items:		
Amortization	143	84,950
Share-based compensation	122,553	212,390
Unrealized foreign exchange loss	-	-
Loss on Inventory shrinkage	-	-
Accrued Interest	1,645	6,083
Changes in non-cash working capital:		
Decrease (Increase) in amounts receivables	12,150	(17,133)
Decrease (Increase) in inventory	73,326	(234,084)
Decrease (Increase) in in prepaid expense	6,151	(26,621)
Increase (Decrease) in accounts payable and accrued liabilities	13,665	(6,464)
Decrease (Increase) in taxes payable	(31,205)	232
Decrease (Increase) in due to related parties	(32,508)	25,099
Net cash used in operating activities	<b>(510,622)</b>	<b>(1,160,235)</b>
<b>Investing activities</b>		
Term deposits	-	(414)
Purchase of property, plant and equipment	-	(67,986)
Investment in Kayan Health Limited	-	(400,000)
Net cash used in investing activities	-	(468,400)
<b>Financing activities</b>		
Cash received from private placements	-	2,701,759
Cash received from exercise of Warrants.	-	51,750
Lease liability payments	(42,825)	(43,589)
Net cash provided by financing activities	<b>(42,825)</b>	<b>2,709,920</b>
<b>Increase (Decrease) in cash</b>	<b>(553,447)</b>	<b>1,081,285</b>
<b>Cash, beginning of the period</b>	<b>1,430,761</b>	<b>624,205</b>
<b>Cash, end of the period</b>	<b>\$ 877,314</b>	<b>\$ 1,705,490</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.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Beyond Medical Technologies Inc., (the “Company” or “Beyond”), 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 10589 Ladner Trunk Road Delta, British Columbia V4G 1K2. On January 12, 2021, the Company’s common shares began trading on the Canadian Stock Exchange (“CSE”) 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 is reviewing their medical face mask manufacturing business as many jurisdictions have recently lifted mask mandates and as demand for face masks rapidly declines. Further, the Company is operating Micron Technologies’ facility at reduced capacity and continues to work on divesting out of its mask manufacturing business via a sale of all inventory and equipment related to its mask manufacturing business. The Company continues to seek new business opportunities.

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 \$25,904,219 as of June 30, 2022 (December 31, 2021 – \$25,253,652). 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. The consolidated financial statements do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

#### Impact of COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments 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.

### 2. BASIS OF PRESENTATION

#### Basis of consolidation and preparation

These interim condensed 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.

## BEYOND MEDICAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

### 2. BASIS OF PRESENTATION (continued)

#### Basis of consolidation and preparation (continued)

Details of the controlled entity are as follows:

	Place of incorporation	Percentage owned
Micron Technologies Holding Inc.	British Columbia	100%
Micron Technologies Inc.	British Columbia	100%

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.

#### Statement of compliance to International Financial Reporting Standards (IFRS)

These Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting.

These Financial Statements should be read in conjunction with the Company's December 31, 2021 audited consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements have been prepared using accounting policies consistent with those used in the Company's December 31, 2021 annual financial statements except for income tax expense which is recognized and disclosed for the full financial year in the audited financial statements.

#### Basis of measurement

These Financial Statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value through profit or loss. Additionally, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Unless otherwise noted, these Financial Statements are presented in Canadian dollars, which is also the functional currency of the Company and its Subsidiaries.

#### Approval of the consolidated financial statements

The condensed interim consolidated financial statements of the Company for the period ended June 30, 2022 were approved and authorized for issuance by the Board of Directors on August 25, 2022.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Significant accounting estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



## BEYOND MEDICAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Significant accounting estimates and assumptions (continued)

In the future, actual experience may differ from these estimates and assumptions. The loss effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

#### 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.

#### 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
Accounts receivable	Amortized cost
Restricted cash	FVTPL
Loans receivable	Amortized Cost
<b>Financial Liability</b>	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	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.

## BEYOND MEDICAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial Assets (continued)

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 judgment.

##### *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.

##### *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.

##### *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.

## BEYOND MEDICAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial Liabilities (continued)

##### 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.

The carrying amount of Cash and cash equivalents, accounts receivable, restricted cash, accounts payables and accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

##### 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 and other equipment	declining balance	20%
Leasehold improvements	straight-line basis	5 years
Manufacturing equipment	straight-line basis	5 - 8 years

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.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(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. 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.

#### 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.

## BEYOND MEDICAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

#### 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.

## **BEYOND MEDICAL TECHNOLOGIES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

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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.

## BEYOND MEDICAL TECHNOLOGIES INC.

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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.

## BEYOND MEDICAL TECHNOLOGIES INC.

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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.

#### Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The criteria that the Company uses to determine if there is objective evidence of an impairment loss includes:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

At each statement of financial position date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### Significant Accounting Judgments, Estimates and Assumptions

The preparation of interim condensed 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 interim condensed consolidated statements of financial position, will impact the amount and timing of the related depreciation included in profit or loss.



## BEYOND MEDICAL TECHNOLOGIES INC.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 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.

##### 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.

## BEYOND MEDICAL TECHNOLOGIES INC.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### g) Impairment of property and equipment and intangible assets

For assets with finite lives, judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both external and internal sources of information in assessing whether there are any indications that CGUs are impaired, or reversal of impairment is needed. Factors considered include current and forecast economic conditions, internal projections and the Company's market capitalization relative to its net asset carrying amount. The Company does not have any assets with indefinite lives for the period ended June 30, 2022 and 2021.

### 4. ACCOUNTS RECEIVABLE

As at June 30, 2022 and December 31, 2021, the Company's accounts receivable is composed of the following:

	June 30, 2022	December 31, 2021
Trade receivable	\$ 5,846	\$ 2,940
GST receivable	7,790	22,846
Other receivables	2,017	2,017
	\$ 15,653	\$ 27,803

During the period ended June 30, 2022, \$1,427 was recovered from previously written off receivables (2021 - \$Nil).

### 5. INVENTORY

As at June 30, 2022 and December 31, 2021, the Company's inventories are composed of the following:

	June 30, 2022	December 31, 2021
Raw materials	\$ 279,048	\$ 315,422
Finished goods	2,047	7,041
	\$ 281,095	\$ 322,463

During the period ended June 30, 2022, the company recognized an expense of \$40,588 (June 30, 2021 - \$nil) related to an inventory write-down to the net realizable value which is included in cost of sales.

### 6. PREPAID EXPENSES AND DEPOSITS

As at June 30, 2022 and December 31, 2021, the Company's prepaid expenses and deposits are composed of the following:

	June 30, 2022	December 31, 2021
Business development	\$ 11,312	\$ 14,179
Deposits on machinery and equipment	1,295	1,295
Office and general	8,100	11,384
	\$ 20,707	\$ 26,858

### 7. RESTRICTED CASH

As at June 30, 2022, the Company classified \$28,825 (December 31, 2021 - \$30,470) as restricted cash which includes \$28,750 of GIC and \$75 of interest accrued on GIC (December 31, 2021 - GIC \$29,737 and Interest \$733). This amount is held as collateral for the Company's corporate credit cards and is invested in GICs at a rate of prime less 2.40%.

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**8. PROPERTY AND EQUIPMENT**

	Leasehold improvements	Manufacturing equipment	Computer equipment	WIP - Equipment	Total
<b>Costs:</b>					
Balance, December 31, 2020	\$ 180,176	\$ 379,143	\$ 4,718	\$ 25,000	\$ 589,037
Additions	-	67,986	-	-	67,986
Balance, December 31, 2021	180,176	447,129	4,718	25,000	657,023
Additions	-	-	-	-	-
<b>Balance, June 30, 2022</b>	<b>\$ 180,176</b>	<b>\$ 447,129</b>	<b>\$ 4,718</b>	<b>\$ 25,000</b>	<b>\$ 657,023</b>
<b>Accumulated Amortization:</b>					
Balance, December 31, 2020	\$ 87,920	\$ 29,127	\$ 3,342	\$ -	\$ 120,389
Amortization	36,900	63,911	412	-	101,223
Impairment	55,356	240,591	-	25,000	320,947
Balance, December 31, 2021	180,176	\$ 333,629	\$ 3,754	25,000	542,559
Amortization	-	31,957	144	-	32,101
<b>Balance, June 30, 2022</b>	<b>\$ 180,176</b>	<b>\$ 365,586</b>	<b>\$ 3,898</b>	<b>\$ -</b>	<b>\$ 574,660</b>
<b>Net Book Value</b>					
December 31, 2021	\$ -	\$ 113,500	\$ 964	\$ -	\$ 114,464
<b>Balance, June 30, 2022</b>	<b>\$ -</b>	<b>\$ 81,543</b>	<b>\$ 820</b>	<b>\$ -</b>	<b>\$ 82,363</b>

- (1) WIP - equipment are the development assets comprising of prototype equipment, which the Company has constructed or was in the process of construction, to transform organic waste into clean water and meets municipal effluent discharge standards. As the Company is no longer operating in this segment and there is no active market for the equipment, the recoverable value is \$nil. The WIP-equipment was impaired during the year ended December 31, 2021.
- (2) Leasehold improvement and manufacturing equipment are used in the Company's PPE manufacturing segment. During the year ended December 31, 2021, the Company identified indicators of impairment due to the subsequent decline in PPE revenue and changes in government regulations for mask mandates. The recoverable value of leasehold improvements and PPE equipment was estimated to be \$nil and \$113,500 as at December 31, 2021. The recoverable value of PPE equipment is based on the fair value less disposal using level 1 inputs in accordance with the fair value hierarchy.

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**9. RIGHT-OF-USE ASSET AND LEASE LIABILITIES**

The Company has entered into non-cancelable operating lease agreement of its offices that terminates on January 31, 2023.

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 June 30, 2022 and December 31, 2021 is as follows:

<b>Right-of-use asset:</b>	
Value of right-of-use assets as at December 31, 2020	\$ 143,715
Additions	-
Depreciation	(71,859)
Impairment	(71,859)
<b>Value of right-of-use assets as at December 31, 2021 and June 30, 2022</b>	<b>\$ -</b>
<b>Lease liability</b>	
Lease liability recognized as of December 31, 2020	\$ 165,008
Lease payments	(93,586)
Lease interests	13,664
Lease liability recognized as of December 31, 2021	\$ 85,086
Lease payments	(47,009)
Lease interests	4,184
<b>Lease Liability recognized as of June 30, 2022</b>	<b>\$ 42,261</b>
Current portion	\$ 42,261
Long-term portion	-
	<b>\$ 42,261</b>

During the year ended December 31, 2021, the Company identified indicators of impairment due to the subsequent decline in PPE revenue and changes in government regulations for mask mandates. The recoverable value of the right-of-use asset was estimated to be \$nil. The Company recognized an impairment of \$71,856 with respect to its right-of-use asset during the year ended December 31, 2021 (2020 - \$nil).

Following table reflects the undiscounted lease obligations payable during the five years subsequent to the period ended June 30, 2022:

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
Warehouse lease	\$ 46,793	-	-	-	-	\$ 46,793

## BEYOND MEDICAL TECHNOLOGIES INC.

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### 10. LOANS RECEIVABLE

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. As a financing was not completed by Kayan Health, the Company did not receive common shares of Kayan Health as of the period ended June 30, 2022.

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 and comprehensive loss.

### 11. SHARE CAPITAL AND RESERVES

#### Authorizes share Capital

Unlimited number of common shares without par value.

#### Issued and Outstanding

As at June 30, 2022, there were 79,139,750 (December 31, 2021 – 79,139,750) common shares issued and outstanding.

Details of transactions involving common shares are as follows:

#### Transactions during the six months ended June 30, 2022

The Company did not have any share capital transactions for the six months ended June 30, 2022.

#### Transactions During the year ended December 31, 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. These warrants were allocated a fair value of \$nil using the residual value method. In connections

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 to an eligible finder. The fair value of these Finders Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 158.12%; a risk-free interest rate of 0.20%, and an expected average life of 2 years.

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.

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### 11. SHARE CAPITAL AND RESERVES (continued)

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 to certain eligible finders. The fair value of these Finders Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 162.3%; a risk-free interest rate of 0.25%, and an expected average life of 2 years.

During the year ended December 31, 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 \$65,766 was reclassified from reserves to share capital.

On December 9, 2021, the Company entered into a private placement agreement for online marketing with an arm's length party and issued 410,909 units at a price of \$0.040 per unit for a consideration of \$16,436. The unit price is taken as the prevailing market rate of the shares of the Company on the CSE.

#### Share Warrants

##### Transactions during the six months ended June 30, 2022

During the period ended June 30, 2022, 10,084,100 of the outstanding share warrants expired unexercised. The corresponding amount of \$17,222 was transferred reserve to deficit.

##### Transactions During the year ended December 31, 2021

During the year ended December 31, 2021, 517,500 of the outstanding share warrants were exercised for aggregate proceeds of \$65,766 and 2,500,000 of the outstanding share warrants expired unexercised.

Pursuant to the private placement on February 5, 2021, the Company issued 10,850,000 share warrants exercisable at \$0.20 per share for a period of 2 years. In Addition, 7,000 finder warrants were issued in connection with this transaction.

Additional share warrants were issued pursuant to the private placement on March 11, 2021, with an aggregate of 11,619,500 warrants exercisable at \$0.20 per share for a period of 2 years. The 333,970 finder warrants were issued in connection with this transaction.

As at June 30, 2022, the Company had 38,522,970 share warrants outstanding (December 31, 2021 – 48,607,070). A summary of changes in outstanding warrants is as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance as at December 31, 2020	29,084,100	0.36
Issued	22,540,470	0.20
Exercised	(517,500)	0.10
Expired	(2,500,000)	0.50
Balance as at December 31, 2021	48,607,070	0.28
Expired	(10,084,100)	0.75
<b>Balance as at June 30, 2022</b>	<b>38,522,970</b>	<b>0.16</b>

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### 11. SHARE CAPITAL AND RESERVES (continued)

#### Share Warrants (continued)

Details of warrants outstanding as at June 30, 2022, are as follows:

Date of expiry	Warrants	Exercise price	Weighted average life (Years)
April 28, 2025	15,982,500	0.10	1.17
February 5, 2023	10,587,000	0.20	0.17
March 11, 2023	11,953,470	0.20	0.22
<b>Balance at June 30, 2022</b>	<b>38,522,970</b>		<b>1.56</b>

#### 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 June 30, 2022

During the period ended June 30, 2022, 150,000 options exercisable at \$0.075 per share was cancelled.

On January 11, 2022, the Company granted 2,100,000 incentive stock options to certain directors, officers, employees, and consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.075 for a period of 5 years. The options vest immediately. The resulting fair value of \$122,533 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 159.82%; a risk-free interest rate of 0.18%, and an expected average life of 2 years.

#### During the year ended December 31, 2021

During the year ended December 31, 2021, 1,762,500 of the outstanding options were cancelled.

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. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.18 for a period of 2 years. The options vest immediately. The resulting fair value of \$200,348 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 148.07%; a risk-free interest rate of 1.08%, and an expected average life of 5 years.

**BEYOND MEDICAL TECHNOLOGIES INC.**

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**11. SHARE CAPITAL AND RESERVES (continued)****Stock Options (continued)**

The changes in stock options outstanding are as follows:

	Number of options	Weighted average exercise price (\$)
Balance as at December 31, 2020	1,362,500	0.73
Options granted	1,500,000	0.18
Options forfeited/ expired	(1,762,500)	0.60
Balance as at December 31, 2021	1,100,000	0.28
Options granted	2,100,000	0.08
Options forfeited/ cancelled	(150,000)	0.08
<b>Balance as at June 30, 2022</b>	<b>3,050,000</b>	<b>0.15</b>

As at June 30, 2022, the Company had the following stock options outstanding and exercisable:

Date of expiry	Options outstanding	Exercise price	Weighted average remaining Life (Years)
October 25, 2022	250,000	\$ 0.60	0.03
January 12, 2023	850,000	0.18	0.15
January 10, 2027	1,950,000	0.08	2.90
<b>Balance as at June 30, 2022</b>	<b>3,050,000</b>	<b>\$ 2.68</b>	<b>3.07</b>

**12. 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 June 30, 2022, \$86,932 (December 31, 2021 - \$119,440) was due to directors and officers of the Company.

	As at	
	June 30, 2022	December 31, 2021
Company controlled by the CEO	\$ 69,650	\$ 91,625
Company controlled by the CFO	8,800	12,458
Companies controlled by the Directors	8,482	15,357
	<b>\$ 86,932</b>	<b>\$ 119,440</b>



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(Expressed in Canadian Dollars, unless stated otherwise)

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

During the period ended June 30, 2022 and 2021, the Company entered into the following transactions with related parties:

	For the period ended	
	June 30, 2022	June 30, 2021
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management fees	\$ 150,000	\$ 150,000
Consulting fees	15,000	77,793
Professional fees	20,137	6,200
Rent	-	18,000
Share based payments	90,456	99,114
	\$ 275,592	\$ 351,107

Management fees were paid or accrued to the following:

	For the period ended	
	June 30, 2022	June 30, 2021
Company controlled by the CEO	\$ 120,000	\$ 120,000
Company controlled by the CFO	30,000	-
Company controlled by the former CFO	-	30,000
	\$ 150,000	\$ 150,000

Consulting fees were paid or accrued to the following:

	For the period ended	
	June 30, 2022	June 30, 2021
Companies controlled by Directors	\$ 15,000	\$ 70,143
Company controlled by Former Corporate Secretary	-	2,500
Companies controlled by Former Directors	-	5,150
	\$ 15,000	\$ 77,793

Share based payments include the following:

	For the period ended June 30, 2022		For the period ended June 30, 2021	
	Number of options	Share-based payment	Number of options	Share-based payment
CEO	1,000,000	\$ 58,359	-	\$ -
Director	400,000	23,343	350,000	49,557
CFO	150,000	8,754	-	-
Former CFO	-	-	250,000	35,398
Former Director	-	-	100,000	14,159
	1,550,000	\$ 90,456	700,000	\$ 99,114

**BEYOND MEDICAL TECHNOLOGIES INC.**

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(Expressed in Canadian Dollars, unless stated otherwise)

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

On January 10, 2022, the Company issued 2,100,000 share options to directors, officers and consultants at \$0.075 exercise price that set to mature on January 10, 2027, 5 years from issuance date. Out of these 1,550,000 stock options were issued to directors of the Company and recorded \$90,456 as share-based compensation expense.

**13. 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 period ended June 30, 2022, the Company's net loss per segment is presented as follows:

	<b>Waste Treatment</b>	<b>PPE Sector</b>	<b>Corporate</b>	<b>Total</b>
Revenue	\$ -	\$ 161,637	\$ -	\$ 161,637
Cost of goods sold	-	(149,340)	-	(149,340)
Direct Selling Expenses	-	(109,220)	-	(109,220)
Operating expenses	(25,851)	(117,934)	(439,611)	(583,396)
Other income (expenses)	81	3,483	213	3,778
<b>Net loss for the period</b>	<b>\$ (25,770)</b>	<b>\$ (211,374)</b>	<b>\$ (439,398)</b>	<b>\$ (676,542)</b>

During the period ended June 30, 2021, the company's net loss per segment is presented as follows:

	<b>Waste Treatment</b>	<b>PPE Sector</b>	<b>Corporate</b>	<b>Total</b>
Revenue	\$ -	\$ 531,899	\$ -	\$ 531,899
Cost of goods sold	-	(229,476)	-	(229,476)
Operating expenses	(84,358)	(488,894)	(933,345)	(1,506,597)
Other income (expenses)	(85)	110	(538)	(513)
<b>Net loss for the period</b>	<b>\$ (84,443)</b>	<b>\$ (186,361)</b>	<b>\$ (933,883)</b>	<b>\$ (1,204,687)</b>

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

	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Waste Treatment</b>	<b>PPE Sector</b>	<b>Waste Treatment</b>	<b>PPE Sector</b>
Restricted cash	\$ -	\$ 28,825	\$ -	\$ 30,470
Property and Equipment	820	81,543	964	113,500
	<b>\$ 820</b>	<b>\$ 110,368</b>	<b>\$ 964</b>	<b>\$ 143,970</b>

## BEYOND MEDICAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the periods ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, unless stated otherwise)

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### 14. 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*, For the period ended June 30, 2022, company has provided for allowance of doubtful debts of \$Nil (December 31, 2021 - \$40,969).

#### 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 June 30, 2022, the Company had working capital of \$874,364 (December 31, 2021 - \$1,394,607). 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.

##### (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. For the period ended June 30, 2022, a 10% weakening of the Canadian dollar against the US dollar would have increased the Company's net loss before taxes by approximately \$3,840 (2021 - \$Nil).

## **BEYOND MEDICAL TECHNOLOGIES INC.**

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### **14. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

#### **Market risk (continued)**

##### **(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 June 30, 2022. The Company is not subject to externally imposed capital requirements.

**BEYOND MEDICAL TECHNOLOGIES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless stated otherwise)

**15. 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>June 30, 2022</b>			
Cash and cash equivalents	\$ 877,314	\$ -	\$ -
Trade receivables	-	7,863	-
Accounts payable	-	-	(156,226)
Due to related parties	-	-	(86,932)
Taxes payable	-	-	(2,982)
Lease liabilities	-	-	(42,261)
	<b>\$ 877,314</b>	<b>\$ 7,863</b>	<b>\$ (288,401)</b>

	<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, 2021</b>			
Cash and cash equivalents	\$ 1,430,761	\$ -	\$ -
Trade receivables	-	4,957	-
Accounts payable	-	-	(128,379)
Due to related parties	-	-	(119,440)
Taxes Payable	-	-	(34,187)
Lease liabilities	-	-	(85,086)
	<b>\$ 1,430,761</b>	<b>\$ 4,957</b>	<b>\$ (367,092)</b>

**Fair Value**

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

## BEYOND MEDICAL TECHNOLOGIES INC.

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(Expressed in Canadian Dollars, unless stated otherwise)

### 17. COMMITMENTS AND CONTINGENCIES

On February 1, 2018, the Company entered into lease agreement with an arm's length party that will set to expire on January 31, 2023. The minimum rental was change from \$11.00 per square foot to \$11.50 per square foot commencing February 1, 2021, to January 31, 2023. Subject to measurement, the annual amount of \$60,778 plus applicable taxes is payable in advance on the first day of each month in equal consecutive installments of \$5,065 plus applicable taxes. As of June 30, 2022, lease liability outstanding is \$42,261 including interest thereof (Note 9).

### 18. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing transactions during the period ended June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
	- \$ -	- \$ -
Non-cash financing activities:		
Fair value of stock options cancelled	8,753	-
Fair value of stock options granted	122,553	212,390
Fair value of warrants expired	17,222	-
Fair value of warrants exercised	-	67,394
Finders' warrants	-	39,221

During the period ended June 30, 2022, the Company paid taxes of \$Nil (June, 2021 - \$Nil) and interest of \$Nil (June 30, 2021 - \$Nil).

### 19. SUBSEQUENT EVENTS

On August 9, 2022, the Company received notice of claims issued by provincial court of British Columbia (Small Claims Court) from a former consultant pursuant to a disputed agreement entered into on May 1, 2022. The former consultant wants to claim the unpaid fees for the month of July 2022 inclusive of GST and the payments in the event of termination without just cause (GST inclusive) with an aggregate potential liability of \$31,587. The Company intends to defend against these claims and cannot at this time determine the outcome.