

# **TRENCHANT CAPITAL CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

for the Years ended March 31, 2021 and 2020

**Date of Report:** July 13, 2021

### **INTRODUCTION**

Management's discussion and analysis ("MD&A") is prepared as of July 13, 2021 and provides a review of the performance of Trenchant Capital Corp. ("Trenchant" or the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2020 and related notes included therein which are prepared in accordance with International Financial Reporting Standards. This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. All of the financial data herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all figures are stated in Canadian dollars.

Additional information on the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute "forward-looking statements". When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, and known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on any forward-looking statements contained in this MD&A. Such forward-looking statements are presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by applicable laws.

## **RISKS AND UNCERTAINTIES**

Risk factors applicable to the Company and its business include:

- that the Company is an investment issuer and may be unsuccessful in developing this business or generating material revenues from it. The Company has only been able to complete two initial investments being the Waiward Investment and the Omni Investment (together, the "Initial Investments") and may not be successful in making any additional investments. In this event, upon the maturity of its Initial Investments in 2022 and 2023, the Company's business as an investment issuer will end;
- That the Company's investment in a newly formed wholly-owned subsidiary Trenchant Life Sciences Corp ("TLSIC") formed to facilitate the completion of an amalgamation with ASEP Medical Inc. a B.C corporation that holds the option to acquire a fully-diluted 50.1% equity interest in each of ABT Innovations Inc. ("ABT") and Sepset Biosciences Inc. ("Sepset") with the intention of creating, financing and listing the common shares of a life sciences development may not be successful.
- that the Borrower (as defined herein) may be unable to service the Initial Investments, and that the Company may default in its obligations with respect to the Debentures (as defined herein) as a result thereof;
- that the security underlying the Initial Investment may be insufficient to adequately satisfy any losses the Company may suffer as the result of any default by the Borrower under the Initial Investments;
- portfolio exposure risks and sensitivity to macro-economic conditions, in particular as a result of Covid-19 which has impacted the business segments for the Initial Investments particularly in Omni which is in the business of long-term care facilities;
- risks related to the Company's investments in private issuers and illiquid securities, and the potential concentration of the Company's investments;
- due diligence risks and risks relating to non-controlling interests;
- that the Company may be unable to identify sources of income to generate material cash flow and revenue, and even if identified, such sources of income may be unavailable to the Company;
- that the Company is heavily reliant on its directors and management, and they only devote part of their time and efforts to the affairs of the Company;
- the possible tightening of the credit markets, global economic uncertainty, and counterparty risk;
- risks related to the Company's investment approach, objectives and strategy;
- that the Company's expectations regarding the performance of certain sectors may be incorrect;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;

- that the price of the Company's common shares on the Canadian Securities Exchange (the "CSE") is volatile;
- risks relating to available investment opportunities and competition for investments;
- the ability of the Company to obtain future financing on acceptable terms or at all;
- Global financial conditions related to Covid-19 which have adversely affected the companies in which the Company has invested and the duration of which is undetermined at this time; and
- other risks that may arise from time to time that are beyond the knowledge and/or control of the Company.

Additional risk factors with respect to the Company's business and operations can be found in the Company's Final long-term Prospectus dated May 8, 2019 (the "Prospectus"), as filed on SEDAR on May 8, 2019, which are available under the Company's profile at [www.sedar.com](http://www.sedar.com) and the Company's Canadian Securities Exchange (the "CSE") Listing Statement dated August 28, 2020 available at: <https://www.thecse.com/en/listings/diversified-industries/trenchant-capital-corp>

## **OVERALL PERFORMANCE**

### Nature of Business and Overall Performance

The Company was incorporated under the *Business Corporations Act* (British Columbia) on December 17, 2009. The Company's common shares are listed on the CSE under the trading symbol "TCC" and its debentures are listed on the TSXV under the trading symbol "TCC.DB" and TCC.DB.A.

The Company's head office is located at 1790-1066 West Hastings St. V6E 3X1. The Company has three wholly owned subsidiaries being 0960128 B.C. Ltd. ("0960128"), 1141864 B.C. Ltd. ("1141864") and Trenchant Life Sciences Investment Corp.

Wholly-owned subsidiaries 0960128 and 1141864 are the investment vehicles for the Waiward Investment and Omni Investment respectively, which are discussed below. Trenchant Life Sciences Investment Corp. is a recently incorporated company that is in the business of acquiring an equity ownership interest in two private life sciences companies, see "The Trenchant Life Sciences Investment" below.

The Company was initially listed on the TSX Venture Exchange (the "TSXV") as a Capital Pool Company (as defined in the policies of the TSXV). In May 2011, the Company completed its Qualifying Transaction (as defined in the policies of the TSXV), pursuant to which it became designated as a Resource Issuer, engaged in the exploration and development of natural resource properties. The Company subsequently became inactive, with the listing of its common shares moved to the NEX board of the TSXV.

In May 2016, the Company pursued a change of business to become an Investment Issuer on the TSXV. In connection with this change of business, the Company changed its name to Trenchant Capital Corp. and on May 16, 2017 the Company commenced trading under the symbol "TCC."

On April 25, 2016, the Company entered into a strategic alliance agreement with the Hillcore Group ("Hillcore"). This agreement renews automatically on an annual basis unless terminated by either party in writing. Hillcore is a leading independent Canadian investment and advisory firm that invests predominantly in the life sciences, real estate, seniors living, financial, industrial and energy sectors.

Pursuant to the terms of the strategic alliance agreement, Hillcore agreed to grant the Company an exclusive first right to: (i) review Hillcore's initial due diligence on potential business targets, and (ii) negotiate with Hillcore the participation by the Company in Hillcore's acquisition of business targets, primarily by way of special situation debt, which may include secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-leveraged/holdco debt. The Company has also been granted certain back-in and tag along negotiation rights, as well as negotiation rights for capital market transactions with respect to projects for which the Company has provided financing. HCG5 Investment Limited Partnership, a limited partnership related to Hillcore, holds approximately 10.4% of the Company's issued and outstanding common shares.

On August 26, 2020, the CSE approved the listing of the Company's common shares, 9% Series A convertible debentures and 8% Series B convertible debentures (collectively, the "Securities") on the CSE. The Securities commenced trading on the CSE at market open on August 28, 2020 under the symbols "TCC", "TCC.DB" and "TCC.DB.A" respectively. In connection with the listing of the Securities on the CSE, the Company delisted the Securities from the TSX Venture Exchange (the "TSXV") at the close of market on August 27, 2020.

#### The Waiward Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus from the security regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario for a proposed public offering of a minimum of 5,000 and a maximum of 20,000 9% secured convertible debentures (the "Waiward Debentures") priced at \$1,000.00 per Debenture, for gross proceeds of a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Waiward Debenture Offering").

The net proceeds of the Waiward Debenture Offering were used to fund the Waiward Investment, as described below.

The Waiward Debenture Offering was made on a best-efforts, through a syndicate of agents led by Industrial Alliance Securities Inc. (collectively, the "Agents"), pursuant to the terms of an agency agreement dated May 18, 2017. The Waiward Debenture Offering closed in three tranches for aggregate gross proceeds of \$7,744,000. The first tranche, pursuant to which gross proceeds of \$5,522,000 were raised through the issuance of 5,522 Waiward Debentures, closed on May 18, 2017. The second tranche, pursuant to which gross proceeds of \$1,488,000 were raised through the issuance of 1,488 Waiward Debentures, closed on June 26, 2017. The third tranche, pursuant to which gross proceeds of \$730,000 were raised through the issuance of 730 Waiward Debentures, closed on July 19, 2017. In connection with the Waiward Debenture Offering, the Company paid the Agents aggregate cash commissions equal to 6.5% of the gross proceeds raised under the Waiward Debenture Offering and were reimbursed for their reasonable expenses.

The Waiward Debentures mature on March 31, 2022 and bear interest at the rate of 9.0% per annum, payable quarterly in cash. The terms of the Waiward Debentures are set out in a debenture indenture dated May 18, 2017, a copy of which is available on SEDAR, between the Company and Computershare Trust Company of Canada ("Computershare"). Commencing on May 18, 2018, the outstanding principal amount of the Waiward Debentures may be converted, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the common shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.00 per common share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Waiward Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Waiward Debentures, and accrued but unpaid interest thereon, in cash, at any time after May 18, 2019, being two years after the closing of the first tranche of the Waiward Debenture Offering, by paying the Waiward Debenture holders 105% of the outstanding principal amount of the Waiward Debentures in year three, 103% of the outstanding principal amount of the Waiward Debentures in year four, and 101% of the outstanding principal amount of the Waiward Debentures in year five, plus any accrued but unpaid interest thereon.

The Company pledged all of the outstanding shares of 0960128 to Computershare, on behalf of the holders of the Waiward Debentures, as security for the Company's outstanding obligations under the Waiward Debentures. 0960128 in turn owns the rights to the security for the Waiward Investment (see "The Waiward Investment" below). The holders of Waiward Debentures have no recourse to the Company other than with respect to such shares.

Effective on August 28, 2020, the Debentures commenced trading on the CSE under the symbol "TCC.DB". See listing information in Nature of Business and Overall Performance.

### The Waiward Investment

On March 2, 2017, 0960128 entered into a loan agreement dated March 2, 2017, as amended (the "Loan Agreement"), with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to Hillcore, pursuant to which 0960128 agreed to loan a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Waiward Investment") to the Borrower. The Waiward Investment is secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("Waiward Steel"), one of Canada's largest steel fabricators and erectors.

The net proceeds of the Waiward Debenture Offering were used to fund the Waiward Investment, which was completed on May 18, 2017.

The outstanding principal of the Waiward Investment bears interest at the rate of 12.5% per annum with a maturity date of March 31, 2022. Additionally, the outstanding principal of the Waiward Investment includes a Payment in Kind ("PIK") of 2.5% per annum of the outstanding loan amount accruing and payable on maturity.

Pursuant to the terms of the Waiward Loan Agreement, the Borrower granted the Company a five-year unit purchase option entitling it to purchase up to 10% of the Borrower for an exercise price of up to \$9,367,000. The actual percentage interest that the Company may acquire pursuant to the purchase option will be adjusted on a pro rata basis in accordance with the amount of funds advanced under the Waiward Loan Agreement.

Waiward may prepay the outstanding principal of the Waiward Investment by paying 0960128 the outstanding principal amount of the Waiward Investment, plus any accrued and unpaid interest thereon, as well as an amount equal to the break fee incurred in connection with the prepayment of the Convertible Debentures.

The Waiward Loan Agreement also provides that 0960128 will provide management services to the Borrower, have observer rights at board meetings of Borrower, and have the right to appoint a nominee to the board of directors of the Borrower.

### The Convertible Preferred Share Offering

On May 18, 2017, the Company also closed a private placement of non-voting convertible preferred shares, pursuant to which it raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 preferred shares at a price of \$0.40 per share (the "Preferred Share Offering", and together with the Debenture Offering, the "Offerings"). The proceeds of the Preferred Share Offering were used for payment of the fees and expenses for the Offerings, the Initial Investment and the Change of Business, and for general working capital purposes. No commissions or finder's fees were paid in connection with the Preferred Share Offering.

The preferred shares are entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of preferred shares may, commencing on May 18, 2018, convert their preferred shares into common shares on a one for one basis, subject to a semi-annual maximum conversion limit of such number of common shares as is equal to 25% of a particular holder's preferred shares. The preferred shares will automatically convert into common shares on a one for one basis on May 18, 2020.

Holders of Preferred Shares are not entitled to receive notice of, attend, or vote at, any general meeting of the shareholders of the Company. The preferred shares are not, and are not expected to be, listed for trading on the TSXV or on any other stock exchange or quotation system.

On June 19, 2020, the outstanding balance of 3,281,250 preferred shares were converted to 3,281,250 common shares of the Company. See Financial Condition, Liquidity and Capital Resources below.

### The Omni Debenture Offering

In December 2017 the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 10,000 and a maximum of 20,000 8% secured convertible debentures (the "Omni Debentures") priced at \$1,000 per Omni Debenture, for gross proceeds of a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Debenture Offering").

The net proceeds of Omni Debenture Offering were used to fund the Omni Investment, as described below.

The Omni Debenture Offering was made on a best-efforts basis, through a syndicate of agents led by Canaccord Capital Corp. and Industrial Alliance Securities Inc. (collectively, the "Agents").

The Omni Debenture Offering closed in two tranches for aggregate gross proceeds of \$7,994,000. The first tranche, pursuant to which gross proceeds of \$5,659,000 were raised through the issuance of 5,659 Omni Debentures, closed on March 23, 2018. The second tranche, pursuant to which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Omni Debentures, closed on May 17, 2018. On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures. On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures.

The Omni Debentures issued in the Omni Debenture Offering have a maturity date of January 27, 2023 and bear interest at the rate of 8.0% per annum, payable quarterly in cash. Commencing two years from closing, the outstanding principal amount of the Omni Debentures may be converted, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the common shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.25 per common share, provided that, unless the conversion is

being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Omni Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Omni Debentures, and accrued but unpaid interest thereon, in cash, at any time after two years from the closing of the first tranche of the Omni Debenture Offering, by paying the Debenture holders 105% of the outstanding principal amount of the Omni Debentures in year three, 103% of the outstanding principal amount of the Omni Debentures in year four, and 101% of the outstanding principal amount of the Omni Debentures in year five, plus any accrued but unpaid interest thereon.

The Company pledged all of the outstanding shares of 1141864 to Computershare, on behalf of the holders of the Omni Debentures as security for the Company's outstanding obligations under the Omni Debentures. 1141864 in turn owns the rights to the security for the Omni Investment (see "The Omni Investment" below). The holders of Omni Debentures will have no recourse to the Company other than with respect to such shares.

Effective August 28, 2020, the Debentures commenced trading on the CSE under the symbol TCC.DB.A. See listing information in Nature of Business and Overall Performance

#### The Omni Investment

In December 2017, 1141864 entered into a loan agreement (the "Omni Loan Agreement"), with ABO Investments Limited Partnership ("ABO"), a limited partnership related to Hillcore, pursuant to which 1141864 agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Investment") to ABO. This minimum loan amount was subsequently lowered to a minimum of \$5,000,000 and a maximum of \$10,000,000. The Omni Investment is secured by a pledge of ABO's indirect 88.73% equity interest in Omni Health Investments Inc. ("Omni"), one of Canada's largest long term care operators, to 1141864.

The net proceeds of the Omni Debenture Offering were used to fund the Omni Investment, which was completed on June 28, 2019.

The outstanding principal of the Omni Investment bears interest at the rate of 10% per annum with a maturity date of January 27, 2023.

Pursuant to the terms of the Omni Loan Agreement, ABO granted the Company a five-year unit purchase option entitling it to purchase up to 15% of ABO's indirect holdings in Omni for an exercise price of up to \$7,725,000 with ABO being able to repurchase the outstanding unit purchase option from the Company on maturity for consideration of the payment of up to \$6,000,000. The actual percentage interest that the Company may acquire pursuant to the purchase option will be adjusted on a pro rata basis in accordance with the amount of funds advanced under the Omni Loan Agreement.

ABO may prepay the outstanding principal of the Omni Investment by paying 1141864 the outstanding principal amount of the Omni Investment, plus any accrued and unpaid interest thereon, as well as an amount equal to the break fee payable by the Company on the redemption or repurchase of Omni Debentures with a principal amount of not more than the principal amount being prepaid by ABO.

The Omni Loan Agreement also provides that 1141864 will provide management services to ABO, have observer rights at board meetings of ABO, and have the right to appoint a nominee to the board of directors of ABO.

In addition to the Omni Investment, on June 29, 2017, the Company advanced a refundable deposit of \$1,500,000 to 10164950 Canada Ltd., a company controlled by Hillcore, as an advance on a second investment transaction with Hillcore. In December 2017 the Company agreed to loan the advance to ABO in a sidecar loan on the same terms as, and be subordinated to, the ABO Loan. The loan bears interest at the rate of 8.0% per annum, payable annually in cash until maturity on January 27, 2023. In June 2019, \$200,000 of the loan was repaid. In June 2020, the remainder of the loan was repaid though Hillcore returning to treasury 100% of its preferred shares in the Company previously issued to Hillcore under the May 2017 Convertible Preferred Share Offering (see above). See Financial Condition, Liquidity and Capital Resources below for settlement of the loan.

#### The Trenchant Life Sciences Investment

Trenchant Life Sciences Investment Corp. ("TLSIC") was incorporated by the Company on January 20, 2021 under the name 1261038 BC Ltd. TLSIC has no active business and was formed to facilitate the completion of an amalgamation of 1295277 BC Ltd. (a newly formed wholly-owned subsidiary of TLSIC) ("NewCo") with ASEP Medical Inc. a B.C corporation that holds the option to acquire a fully-diluted 50.1% equity interest in each of ABT Innovations Inc. ("ABT") and Sepset Biosciences Inc. ("Sepset") with the intention of creating, financing and listing the common shares of a life sciences development company.

On January 20, 2021, the Company made an investment into TLSC by acquiring 2,500,000 common shares at a price of \$0.001 for a payment of \$2,500.

On April 14, 2021, TLSIC closed a private placement to issue an aggregate of 8,000,000 common shares at a price of \$0.001 per share for gross proceeds of \$8,000.

On April 16, 2021, TLSIC closed a private placement to issue an aggregate of 6,500,000 common shares at a price of \$0.02 per share for gross proceeds of \$130,000.

On May 25, 2021, TLSIC closed a private placement of unsecured convertible debentures in the aggregate amount of \$500,000. The convertible debenture matures twelve months from issuance and carries an interest rate of 8% per annum. The debenture is convertible into one common share at a conversion price calculated by dividing (A) by (B), where (A) is \$8,000,000, and where (B) is the product obtained by adding the number of all of the issued and outstanding common shares of ASEP Medical Inc. ("ASEP") as of the date of the ASEP Conversion, which is the conversion of all of the principal outstanding under the ASEP Debentures into ASEP Shares on a fully diluted basis, pursuant to an amalgamation agreement to be entered into among TLSIC, ASEP and 1295277 B.C. Ltd.

On June 3, 2021, TLSIC entered into the Amalgamation Agreement with ASEP and NewCo, pursuant to which TLSIC, ASEP and NewCo agreed to combine their respective businesses by way of a three-concerned amalgamation under the provisions of the BCBCA. Upon completion of the Transaction (being the completion of the amalgamation, the exercise of both of the ABT and Sepset options and conditional approval to the list the common shares of TLSIC on the CSE) the resulting entity of the Amalgamation, will be a wholly-owned subsidiary of the Company and the Resulting Issuer will carry on the business of ASEP.

As noted above on completion of the Transaction, TLSIC would hold, through the exercise of the ABT and Sepset options, 50.1% of the fully diluted share capital of ABT and Sepset.

ABT was incorporated on July 3, 2015 pursuant to the provisions of the BCBCA under the name "ABT Innovations Inc." for the purpose of ensuring the commercialization of the broad peptide technology



developed by its founder, Dr. Robert Hancock. This peptide technology covers a broad range of therapeutic applications including bacterial biofilm infections (medical device infections, chronic infections, lung, bladder, wound, dental, skin, ear-nose and throat, sinusitis, orthopedic, etc.), representing two thirds of all infections, anti-inflammatories, anti-infective immune-modulators and vaccine adjuvants.

Sepset was incorporated on April 23, 2015 pursuant to the provisions of the BCBCA under the name "Sepset Biosciences Inc." for the purpose of ensuring the commercialization of a diagnostic kit for predicting the onset of severe sepsis and organ failure that was developed by its founder Dr. Robert Hancock. Its diagnostic technology involves a patient gene expression signature that is identified in the blood and assessable by nucleic acid amplification technologies. Sepset's diagnostic technology differs from current diagnostic tests in enabling diagnosis of severe sepsis within 1-2 hours of first clinical presentation (i.e., in the emergency room), while other diagnostics only provide diagnosis after 24-48 hours. Sepset believes this will enable critical early decisions to be made by physicians regarding appropriate therapies and reduces mortality and morbidity.

In the event the Transaction is completed, the Company would hold an investment of 2,500,000 common shares in TLSIC which common shares would be listed for trading on the CSE.

#### Investment Policy Disclosures

The Company has adopted an Investment Policy to govern its investment activities. The Investment Policy sets out, among other things, the Company's investment objectives and strategy, which is to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth, the ability to generate shareholder equity by taking and, where prudent, exercising equity purchase rights in portfolio companies, participating in potential going-public transactions or other liquidity events in portfolio companies, and seeking to preserve capital and limit downside risk through securely structuring its investments. A copy of the Investment Policy is attached as Schedule "C" to the Filing Statement.

#### Waiward Disclosure:

The following key ratios and other summary disclosures with respect to the Waiward Investment are made in accordance with the Company's Investment Policy.

	<b>12 months ended 3/31/2021</b>	<b>12 months ended 3/31/2021 (Pro Forma)<sup>(1)</sup></b>	<b>12 months ended 3/31/2020</b>	<b>12 months ended 12/31/2019</b>
Debt Service Ratio	0.67	0.36	0.80	0.48
Fixed Charge Coverage Ratio	0.83	0.69	0.92	0.65
Net Debt to EBITDA Ratio	2.30	4.98	3.09	5.19

<sup>(1)</sup> Assumes the Maximum Investment in the amount of \$7,740,000.

<sup>(2)</sup> Earnings before interest, taxes, depreciation and amortization ("EBITDA") These non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. These non-IFRS financial measures should not be considered

as an alternative to, or more meaningful than, net income (loss), cash flow from operating activities, and other measures of financial performance as determined in accordance with IFRS, but the Company believes these non-IFRS financial measures are useful in providing relative performance and measuring change.

The company continues to evolve and enhance their brand and reputation. The business continues to deliver sustainable results and profitability and has gained or taken market share from competitors. The pandemic and weak investment climate provide strong headwinds. The company has generally overcome these challenges however short-term expectations need to be tempered. We continue to scenario plan to contain and overcome volatility, uncertainty, complexity & ambiguity.

As expected, the start in the first quarter was sluggish but has picked up in Q2 in both fabrication and construction. A labour grievance was settled in Q1 from 2017 impacting the bottom line and was the last remaining outstanding labour issue. The company continues to make progress in construction and has broken through on piping/mechanical install and maintenance. Waiward performed exceptionally well with this scope during the CNRL turnaround leading to additional opportunities.

We continue to mitigate concentration risk with new customers and partnerships in various markets. It should be noted that our initiatives are not a universal remedy for rapid "hockey stick" growth, but a steady increase to produce long term sustained profitability and continue to increase enterprise value. Continued financial discipline and strength of management will be remain essential. In addition, the company's strategy, performance, and financial discipline has resulted in a strong banking relationship and a multi-year commitment that is a typical in this environment.

<b>Trailing 12 month increase (decrease) in</b>	<b>12 months ended 3/31/2021</b>	<b>12 months ended 3/31/2020</b>
Revenue	(39%)	(0.12)%
Net Income	2%	121%

Omni Disclosure:

The following key ratios and other summary disclosures with respect to the OMNI Investment are made in accordance with the Company's Investment Policy.

	<b>12 months ended 03/31/2021 (Pro Forma)<sup>(1)</sup></b>	<b>12 months ended 03/31/2021</b>	<b>12 months ended 12/31/2020 (Pro Forma)<sup>(1)</sup></b>	<b>12 months ended 12/31/2020</b>
Debt Service Ratio	1.41	1.56	1.34	1.46
Fixed Charge Coverage Ratio	1.29	1.39	1.22	1.29
Net Debt to EBITDA Ratio	6.42	5.56	6.01	5.02

(1) Assumes Loan in the maximum of \$13,483,000

- (2) Earnings before interest, taxes, depreciation, amortization and management fees ("EBITDAM")  
These non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. These non-IFRS financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow from operating activities, and other measures of financial performance as determined in accordance with IFRS, but the Company believes these non-IFRS financial measures are useful in providing relative performance and measuring change.

Occupancy for homes in the portfolio is 90.0% year to date, with all Homes occupancy falling below 97%. Occupancy protection has been extended through August 31, 2021. Admission plans have been developed for all Homes to ensure we are at 97% occupancy, excluding unavailable beds, by September 2021. Net operating income before management fees (EBITDAM) for Q1 2021 amounted to \$2,839,539 which is less than budget by \$77,120 and \$242,579 less than Q1 2020. Revenues in Q1 were \$1,094,422 greater than budget. This is attributed to recognizing \$1,197,016 of IPAC Maintenance funding for 2020-2021. Additional IPAC Maintenance funding of \$1,470,000 has been received for 2021-2022. This funding must be used for purchasing, upgrading or repairing air conditioning before it can be used for other eligible expenditures. Revenue was impacted by reduced occupancy resulting in unfavourable preferred revenue of \$49,700. We will likely receive \$30,500 from the Ministry to compensate us for the 1.9% increase that has not been passed on to the Residents from January through June. Administration is favourable \$107,7000 in Q1. Ancillary costs are favourable \$52,700 but is offset by unfavourable ancillary revenue of \$55,400. We have cancelled our cable contracts at Almonte and Maplewood as of April 30 2021. However, Woodland Villa had entered into a three year contract in 2020. These contracts are the reason that ancillary costs exceed revenue. Administration Wages are favourable \$33,800 due to some turnover as well as realigning the allocation for those Managers who perform multiple functions between the various envelopes. Education and travel costs are minimal YTD resulting in a favourable variance of \$35,100. Nutritional Care, Housekeeping and Laundry are favourable. Some staff have been deployed to high touch cleaning so their wages are allocated to Nursing Infection Control. We are no longer able to deploy staff to the screening function. Each Home was provided with \$54,000 in Q1 under Nursing to ensure that staff are hired as dedicated screeners. Maintenance costs are unfavourable \$1,323,047 in Q1 due primarily to projects approved through the IPAC Maintenance program. We have spent \$1,197,016 in Q1 on eligible IPAC projects including new furniture, patio replacement, spa tubs replacement and air conditioning. Maintenance Major is \$94,700 unfavourable due to dryer replacements, elevator repairs, walk-in freezer replacement. We had to replace 42 door locks at Willows as directed by the fire authority. Plant is unfavourable \$16,800. We spent \$10,500 as part of a new lighting retrofit program at Garden Terrace. The cost of the program is \$2,000 per month but the expected savings is approximately \$4,000 per month. Utility costs were favourable \$2,000 in Q1. Insurance was unfavourable \$11,800. We budgeted for a 10% increase (\$338,000). Actual increase is closer to 24% (\$381,000).

COVID-19 continued to be a major factor affecting long-term care operations, however outbreaks have declined significantly across the sector in the latter part of the first quarter, and all OMNI homes have fully resolved outbreaks. Only one OMNI home experienced the highly transmissible B.117 (UK) variant, and it was confined to a single resident at Forest Hill.

The Ministry continues to provide funding to allow for decanting residents in 3 and 4 bedrooms, allowing occupancy of up to two residents per room. Homes are otherwise expected to reach occupancy targets of 70% by July 1, 90% as of August 1 and full occupancy of available beds by September 1 before occupancy targets are re-instituted. OHCLP home capacity is reduced by 212 beds through the temporary elimination of the 3rd and 4th bed in those rooms, with additional beds allocated as isolation beds in each home.

All residents have now had access to full vaccination, with well more than 85% uptake. A number of staff are awaiting second dose, and there are sporadic issues with accessing vaccination for new admissions and new staff. All homes are carrying out Rapid Testing processes, with staff testing conducted up to 3 times weekly with on-the-spot test results available.

Trailing 12 month increase (decrease) in	12 months ended 03/30/2021	12 months ended 03/31/2020
Revenue	5.68%	(1.00%)
Net Income	(2.19%)	(1.18%)

### Selected Financial Information

	For the Year ended <u>March 31, 2021</u>	For the Year ended <u>March 31, 2020</u>	For the Year ended <u>March 31, 2019</u>
Total revenues	\$ 2,267,663	\$ 2,277,186	\$ 1,887,833
Loss before other items	(563,449)	(107,196)	(47,221)
Comprehensive income (loss)	(563,449)	(107,196)	(47,221)
Basic and diluted net loss per common share	(0.03)	(0.01)	(0.00)
Current assets	10,856,056	899,077	717,590
Total assets	23,081,476	22,795,149	18,348,571
Current liabilities	8,822,267	1,219,408	860,902
Share capital & share based payment reserve	7,487,220	4,678,956	4,567,115
Deficit	(5,217,569)	(4,654,120)	(4,546,924)
Dividends	-	-	-

The increase in total assets to \$23,081,476 in 2021 from \$22,795,149 in 2020 was primarily due to the private placement.

The financial data for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 have been prepared in accordance with International Financial Reporting Standards. All figures are stated in Canadian dollars.

### Results of Operations

These results of operations should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2021, which are being filed concurrently with this MD&A. The financial data for the years ended March 31, 2021 and March 31, 2020 have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Year Ended March 31, 2021 and 2020

	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Revenues</b>		
Interest income	\$ 2,267,663	\$ 2,277,186
<b>Expenses</b>		
Accretion	226,389	199,601
Business development	10,697	84,176
Consulting	341,670	20,257
Depreciation	63,170	63,168
General and administrative	61,947	7,366
Interest	1,661,786	1,640,564
Professional fees	240,774	187,004
Share-based payment	32,993	99,341
Transfer agent and filing fees	59,589	82,906
Loss on settlement of preferred shares	117,997	-
Write down of account receivable	14,100	-
	<b>2,831,112</b>	<b>2,384,382</b>
<b>Net and comprehensive (loss)</b>	<b>(563,449)</b>	<b>(107,196)</b>

The Company has generated limited revenue to date and reported net losses since inception. The net loss was \$563,449 for the year ended March 31, 2021 (March 31, 2020 – \$107,196). Total expenses of \$2,831,112 were offset by interest income of \$2,384,382. The completion of the Offerings resulted in the Company incurring higher than normal expenses.

Revenues of \$2,267,663 were derived from interest earned during the year ended March 31, 2021 (March 31, 2020 - \$2,277,186). Interest income remains stable as no additional loans were completed during the year.

Accretion expense was \$ 226,389 relating to the financing costs of the debentures for the year ended March 31, 2021 (March 31, 2020 - \$199,601)

Business development expenses were \$10,697 for the year ended March 31, 2021 (March 31, 2020 - \$84,176) These expenses were lower in current year as no additional investments were completed.

Consulting fees of \$341,670 were incurred for the year ended March 31, 2021 (March 31, 2020 - \$20,257), related to consulting fees paid in connection with development of the Company's strategic plans.

General and administrative expenses were \$61,947 for the year ended March 31, 2021 (March 31, 2020 - \$7,366). The decreased expenses due to lower administrative costs generally and unusual items in the past period.

Interest expense was \$1,661,786 for the year ended March 31, 2021 (March 31, 2020 - \$1,640,564). The increase in interest expense was related to interest payable on Debentures.

Professional fees of \$240,774 were incurred in the year ended March 31, 2021 (March 31, 2020 - \$187,004). These fees related to new business opportunities in current year. Professional fees in prior year related to audit and legal expenses in connection with the Prospectus which was subsequently withdrawn.

Share-based payments were \$32,993 (March 31, 2020 - \$99,341). No new stock options were issued in the current year.

Transfer agent and filing fees were \$59,589 for the year ended March 31, 2021 (March 31, 2020 - \$82,906). These fees were lower in the current period due to a decrease in filings.

Loss on settlement of preferred shares were due to the cancellation of preferred shares and dividends payable in exchange for the settlement of the loan receivable and interest receivable thereon.

Three Months Ended March 31, 2021 and 2020

	<b>For the three months ended March 31, 2021</b>	<b>For the three months ended March 31, 2020</b>
<b>Revenues</b>		
Interest income	\$ 567,131	\$ 588,864
<b>Expenses</b>		
Accretion	63,171	57,350
Business development	186	31,183
Consulting	341,670	15,584
Depreciation	15,792	15,792
General and administrative	29,870	1,184
Interest	418,416	425,895
Professional fees	144,754	43,705
Share-based payment	8,362	24,427
Transfer agent and filing fees	14,818	18,987
Loss on settlement of preferred shares	259,560	-
	<u>1,296,599</u>	<u>634,107</u>
<b>Net and comprehensive loss</b>	<b>\$ (729,468)</b>	<b>\$ (45,243)</b>

The Company had net loss of \$729,468 for the three months ended March 31, 2021 compared to net a loss of \$45,243 in the three months ended March 31, 2020.

Revenues were \$567,131 for the three months ended March 31, 2021 (March 31, 2020 - \$588,864).

Business development expenses were \$186 for the year ended March 31, 2021 (March 31, 2020 - \$31,183). These expenses were lower in current year as no additional investments were completed.

Consulting fees were \$341,670 for the three months ended March 31, 2021 (March 31, 2020 - \$15,584), related to consulting fees paid in connection with the development of the Company's strategic plans.

General and administrative expenses were \$29,870 compared to expenses of \$1,184 for the three months ended March 31, 2020.

Interest expense was \$418,416 for the three months ended March 31, 2021 (March 31, 2020 - \$425,895), which was related to interest paid and payable on the Debentures.

Accretion expense was \$ 63,171 for the three months ended March 31, 2021 (March 31, 2020 - \$57,350) relating to stable financing costs.

Professional fees were \$144,754 (March 31, 2020 – \$43,705). These professional fees related to audit and legal expenses in connection with the Amalgamation agreement.

Share-based payments were \$8,362 (March 31, 2020 - \$24,427).

Transfer agent and filing fees were \$14,818 (March 31, 2020 - \$18,987). Fees were higher in the prior quarter due to more filings.

#### Dividend Report & Policy

All dividends payable on the preferred shares were settled in part in June 2020. (See Financial Condition, Liquidity and Capital Resources below.)

#### Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters. The financial data has, except as referred to in the footnotes to this summary, been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

<b>For the quarter ended:</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>	<b>June 30, 2020</b>
Total Revenues	567,131	570,540	561,102	561,102
Net and comprehensive income (loss) for the period	(729,468) <sup>(1)</sup>	40,484 <sup>(2)</sup>	(33,645) <sup>(3)</sup>	159,180 <sup>(4)</sup>
Income (loss) per share, basic and diluted	(0.04)	0.00	(0.00)	0.01

<b>For the quarter ended:</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>	<b>June 30, 2019</b>
Total Revenues	588,864	595,442	593,182	499,698
Net and comprehensive income (loss) for the period	(45,242) <sup>(5)</sup>	30,986 <sup>(6)</sup>	(763) <sup>(7)</sup>	(92,177) <sup>(8)</sup>
Income (loss) per share, basic and diluted	(0.01)	0.00	(0.00)	(0.00)

(1) The Company's loss for the period includes non-cash items of accretion of financing costs of \$63,171

(2) The Company's loss for the period includes non-cash items of accretion of financing costs of \$56,036

(3) The Company's loss for the period includes non-cash items of accretion of financing costs of \$54,578

(4) The Company's loss for the period includes non-cash items of accretion of financing costs of \$52,604

(5) The Company's loss for the period includes non-cash items of accretion of financing costs of \$57,350

(6) The Company's loss for the period includes non-cash items of accretion of financing costs of \$56,698

(7) The Company's loss for the period includes non-cash items of accretion of financing costs of \$43,577

(8) The Company's loss for the period includes non-cash items of accretion of financing costs of \$41,976

### Financial Condition, Liquidity and Capital Resources

The Company had total assets of \$23,081,476 as at March 31, 2021 (March 31, 2020 – \$22,795,149). The primary assets of the Company as of such date consisted cash of \$1,799,511 (March 31, 2020 – \$63,848), interest receivable of \$514,983 (March 31, 2020 - \$781,291), PIK interest receivable of \$776,689 (March 31, 2020 - \$567,482) and loan receivables of \$19,923,000 (March 31, 2020 - \$21,223,000). Accounts payable as at March 31, 2021 were \$1,011,901 (March 31, 2020- \$610,699). The Company had working capital of \$2,033,789 as at March 31, 2021 (March 31, 2020 –negative \$320,331).

At March 31, 2021, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$5,217,569 (March 31, 2020 – \$4,654,120).

On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures

On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures.

On May 11, 2020, the Company extended the conversion date of the preferred shares. On June 19, 2020, the Company converted 3,281,250 preferred shares to 3,281,250 common shares in accordance with the special rights and restrictions attached to the Series A Shares.

In June 2020, the Company has entered into agreements with the holders of preferred shares to settle dividends owing in the aggregated amount of \$190,567 by issuing 3,811,344 common shares at \$0.05 per common share of the Company, which was approved by the TSXV.

The Company paid \$3,443 to a holder of preferred shares to settle the remaining outstanding dividends.

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore Diversified Industries Ltd. Hillcore was indebted to the Company pursuant to a loan that Hillcore was assigned by ABO in the principal amount of \$1,300,000 and \$270,649 on account of interest. Hillcore also owned 3,437,500 Series A Shares and was owed \$337,213 in dividends on such Series A Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the loan against the transfer of Hillcore's Series A Shares to the Company and to fully and finally settle the interest on the loan payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Shares.

The Company's consolidated financial statements for the year ended March 31, 2021 were prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months from loans from related parties and or the private placement of common shares.

As at March 31, 2021, the Company did not have any contractual obligations.



Classification of financial instruments

Financial assets included in the Company's statement of financial position are as follows:

	March 31, 2021	March 31, 2020
FVTPL:		
Cash	\$ 1,799,511	\$ 63,848
Amortized costs:		
Interest receivable	514,983	781,291
PIK interest receivable	776,689	567,482
Loans receivable	19,923,000	21,223,000
	<u>\$ 23,014,183</u>	<u>\$ 22,635,621</u>

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2021	March 31, 2020
Amortized costs:		
Accounts payable	\$ 650,751	\$ 588,699
Dividends payable	-	547,250
Debentures	19,580,434	19,354,045
Convertible debentures subscription received in advance	198,647	-
	<u>\$ 20,429,832</u>	<u>\$ 20,489,944</u>

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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 – Unadjusted quoted prices 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.

Financial instruments classified as level 1 – quoted prices in active markets - include cash.

**OFF BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements to which the Company is committed.

## TRANSACTIONS WITH RELATED PARTIES

The following amounts were due to related parties as at the dates indicated, and were included in accounts payable and accrued liabilities as at such dates:

	March 31, 2021	March 31, 2020
CFO	\$ (7,875)	\$ (5,250)
CEO	(108,025)	3,390
Directors	(228,900)	-
	<u>\$ (344,800)</u>	<u>\$ (1,860)</u>

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

### *Key management personnel compensation*

	March 31, 2020	March 31, 2019
CFO – Professional fees	\$ 31,500	\$ 6,300
CEO – Consulting fees	110,250	-
Directors – Consulting fees	228,900	-

## CRITICAL ACCOUNTING ESTIMATES

As disclosed in the Company's annual audited financial statements for the years ended March 31, 2021 and 2020 (as are available on the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com))), the Company has no critical accounting estimates.

## CRITICAL ACCOUNTING POLICIES

There are no accounting policies that the Company has adopted, other than what was disclosed in the Company's annual audited financial statements for the year ended March 31, 2021.

## RISK FACTORS

The business of the Company is subject to risks and hazards, some of which are beyond the Company's control. Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. The following is a summary of some risks and uncertainties that management believes to be material to the Company's business. Additional risk factors are included in the Filing Statement, which is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### *Global Financial Conditions*

The COVID 19 Pandemic has been responsible for a substantial negative impact on the world economy. Many industries are impacted by global market conditions. Some of the key impacts of financial market turmoil can include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity markets, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business

conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, lack of future financing, changes in interest rates and tax rates may adversely affect the Company's operations and business plans. Any of these factors may impact the ability of the Company and its potential partners to obtain equity or debt financing in the future and, if obtained, on favourable terms. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

#### ***Risk of Payment Defaults Under Investment Agreements***

While the Company intends to structure its investments, including the Initial Investment, in such a way as to minimize the risk of default, there is no guarantee that investee companies will not default on their payment obligations because of business failure or obligations to other lenders, investors or stakeholders. Further, there is no assurance that, in the event of a default by an investee company, the Company will be able to recover all or any of its investment. Such failure could have an adverse impact on the Company's financial condition and results of operations, including impairing the Company's ability to pay amounts owing under the Debentures or to pay dividends on the preferred shares. In addition, in the event investments in investee companies are structured on a subordinated or unsecured basis, the Company's rights, including payment rights, will be subordinate to the rights of secured lenders of investee companies and other parties holding security interests against investee companies. As such, upon a default by an investee company, there may be no funds left to permit the Company to recover its investment.

#### ***Dependence on the Performance of Investee Companies***

The Company is, and will be, dependent on the operations, assets and financial health of the investee companies in which it makes investments. The Company's ability to meet its operating expenses in the long term will be largely dependent on the interest and other payments received from investee companies, which are expected to be the sole source of cash flow for the Company. While the Company intends to focus on special situation debt financing to Hillcore's pipeline of current and future private equity investments, payments to the Company from investee companies may be based on a percentage of such companies' top line revenues, in which case negative financial performance of an investee company will likely have a negative impact on the Company's cash flow. In addition, if the financing position of an investee company declines such that it is unable to make interest payments to the Company, the Company's financial condition and cash flow will be adversely affected.

The Company has conducted, and will conduct, due diligence on each of its investee companies prior to entering into agreements with them. In addition, the Company plans to monitor investee company performance through observer rights at board meetings of investee companies, negotiating rights to appoint one or more directors to the boards of investee companies, and receiving and reviewing regular financial reports from the investee companies. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the Company's due diligence or ongoing monitoring that may have an adverse effect on an investee company's business and, as a result, on the Company.

#### ***Lack of Control Over Investee Company Management***

The Company does not expect to have a high degree of influence over any of its investee companies or their operations, including the Borrower. Payments received by the Company from investee companies may therefore depend upon several factors that may be outside of the Company's control.

### ***Volatility of Share Price***

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Company's common shares will trade from time to time cannot be predicted. The market price of the common shares is subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the common shares. If the Company is (as it is expected to be) required to access capital markets to carry out its business objectives, the state of domestic and international capital markets and other financial systems could affect its access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

### ***Financing Risks***

The Company has no history of earnings or material revenue. In addition, the Company's business model is dependent on making investments in additional investee companies, and the Company anticipates having to raise additional capital to fund these investments. While the Company may generate additional working capital through equity or debt offerings, or through the receipt of interest or other payments from investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Company or at all. If available, future equity financing may result in substantial dilution to the Company's shareholders.

### ***Limited Number of Investments***

While the Company's intention is to negotiate and fund additional investments in companies in different industry sectors, it could take many years to create a diversified portfolio of investee companies and there is no guarantee the Company will ever achieve sufficient diversification. The Company may have a significant portion of its assets dedicated to a single business sector or industry for an extended period of time. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on the Company's business, results of operations and financial condition.

### ***Ability to Negotiate Additional Investments***

A key element of the Company's growth strategy is expected to involve negotiating and finding investments in other operating companies. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues. The Company's ability to identify investee companies and negotiate and fund additional investments in such a manner is not guaranteed.

### ***Risks Facing Investee Companies***

As previously noted, the Company's financial condition and results of operations will be affected by the performance of the companies in which it invests. Each investee company will also be subject to risks which will affect their respective financial condition. Given that, other than with respect to the Initial Investment, the Company does not currently know the exact nature of the businesses in which it may make investments,

it is impossible to predict exactly what risks investee companies will face. Nonetheless, typical risks which investee companies might be expected to face include the following:

- Investee companies may need to raise capital through equity or debt financing. Failure to obtain such equity or debt, or the terms of such equity or debt that may be available, may impair the ability of investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions may therefore be limited.
- The success of investee companies may depend on the talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on an investee company.
- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.
- Damage to the reputation of investee companies' brands could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.
- Investee companies may face intense competition, including competition from companies with greater financial and other resources, and more extensive development, manufacturing, marketing and other capabilities. There can be no assurance that investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.
- Investee companies may experience reduced revenues through the loss of a customer representing a high percentage of their revenues.
- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.
- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes to, or elimination of, such programs may have an adverse effect on such companies.
- Investee companies may experience negative financial results based on foreign exchange losses.

### ***Reliance on Key Personnel***

The success of the Company is dependent on the abilities, experience, efforts and industry knowledge of its senior management and other key personnel. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Company. In addition, the growth plans of the Company may require additional personnel, increase demands on management, and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and personnel as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

During the year ended March 31, 2021, the Company issued 499,335 Common shares to settle \$24,967 accounts payable.

During the year ended March 31, 2021, the Company issued 3,281,250 Common shares at the conversion of 3,281,250 preferred shares.

During the year ended March 31, 2021, the Company issued 3,811,344 Common shares at \$0.05 as settlement of \$190,567 of the dividend payable.

During the year ended March 31, 2021, the Company issued 14,950,000 units at \$0.10 pursuant to a private placement for proceeds of \$1,495,000. One unit consists of one common share and one common shares purchase warrant. Each warrant is exercisable into a common share of the Company for a period of two years at an exercise price of \$0.115.

During the year end March 31, 2020, the Company issued 31,250 Common shares at the conversion of 31,250 preferred shares.

As of the date of this MD&A, the following securities of the Company were outstanding:

Common Shares – 34,211,286;

Stock options – The Company has 1,160,000 options outstanding, exercisable \$0.25, expiring March 29, 2022;

Warrants - The Company has 14,950,000 warrants outstanding, exercisable \$0.115, expiring March 24, 2023;

Debentures – The Company has 7,740 debentures (9% coupon) maturing on March 31, 2022 and 12,183 (8% coupon) maturing January 27, 2023, having an aggregate principal amount of \$19,923,000.

## **OTHER INFORMATION AND BOARD APPROVAL**

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). This MD&A has been reviewed and approved by the Board of Directors of the Company.