

# **HEYBRYAN MEDIA INC.**

## **Management Discussion and Analysis**

**For the Three and Nine Months Ended September 30, 2020 and 2019**

(Expressed in Canadian Dollars)

## MANAGEMENT DISCUSSION AND ANALYSIS

*This discussion and analysis of financial position and results of operations for the three and nine months ended September 30, 2020 is prepared as at November 30, 2020, and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020, of HeyBryan Media Inc. (the "Company"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.*

### CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management's Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) obtaining enough customers to create a market, (3) market competition, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance operations and growth, (7) the Company's ability to protect proprietary rights, (8) the impact of the COVID-19 pandemic on the Company, its key markets and financial markets; and (9) other factors beyond the Company's control.

Forward-looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements, as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

In November 2020, the Company implemented a significant change in its management and the board of directors. The CEO and director of the Company, the CFO, and three independent directors resigned from their positions of the Company. New CEO, CFO and two independent directors were appointed. In November 2020, the Company also entered into a settlement agreement with Baeumler Productions Inc. and Bryan Baeumler to terminate the endorsement agreement with the Company. The Company is engaged in a process to redevelop its business model and go forward strategies.

Financial information in this MD&A has been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has incurred a net loss of \$2,530,401 during the nine months ended September 30, 2020, and has incurred an accumulated deficit of \$9,012,003 as at September 30, 2020. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. The unaudited interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's

supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. As a result of the pandemic, the Company experienced delays in certain planned product launches. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company, and is working on alternative measures and resources to minimize such impact. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on its business, liquidity, capital resources and financial results.

## **CORPORATE OVERVIEW**

HeyBryan is a peer-to-peer marketplace app offering a friendly and seamless way for customers to connect with trusted and vetted home maintenance workers ("Experts") for everyday home-maintenance needs. Founded in 2018, the app is named after Canadian HGTV personality and one of the country's most trusted contractors, Bryan Baeumler. Payments are processed through the HeyBryan app, eliminating the need for any in-person money exchange. Every Expert is background checked and credit checked to ensure a safe and secure experience for consumers. Typical tasks booked include general handyman services, mounting or installation, furniture assembly, plumbing, painting, cleaning, lawn and yard maintenance, and more. HeyBryan accommodates busy schedules by allowing the independent workforce and consumers to communicate directly and work together.

## **OVERALL PERFORMANCE**

The Company initially launched its HeyBryan Application (the "HeyBryan App" or "App") in the Vancouver area as a test launch during the fourth quarter of 2018. In March 2019, the Company completed its commercial launch of the App in the Greater Toronto Area. On December 10, 2019, the Company launched commercial service of the App in the Greater Calgary area.

Net loss was \$528,390 and \$2,530,401 and for the three and nine months ended September 30, 2020 respectively, which mainly consisted of operating expenses to support the HeyBryan App, as compared to a net loss of \$829,843 and \$2,473,004 for the same periods of the prior year. The losses are primarily consisting of operating expenses including wages, consulting fees, advertising fees and amortization of intangible fees. Operating expenses have been stable from year over year. The Company has not made sufficient revenues to carry these expenses.

## **DISCUSSION OF OPERATIONS**

### **Revenue**

As noted above, the Company initially launched its HeyBryan App in the Vancouver area as a test launch during the fourth quarter of 2018 and completed its commercial launch of the App in the Greater Toronto Area in March 2019, and the Greater Calgary area in December 2019.

The Company's revenue includes 20% fees on expert service charges booked through the App, and 7.5% on payment processing support.

For three months ended September 30, 2020, the Company's revenue was \$4,855 compared to revenue of \$6,984 for the same period of the prior year. For the nine months ended September 30, 2020, the Company realized revenue of \$15,368 as compared to \$11,616 for the same period of the prior year.

## **Expenses**

### Advertising and promotion:

Advertising and promotion expenses relating to the App and services offered through the App has been stable from year to year. The Company incurred advertising and promotion expenses of \$22,561 for the three months ended September 30, 2020, and incurred advertising and promotion expenses of \$285,068 for the nine months ended September 30, 2020 as compared advertising and promotion expenses of \$125,725 and \$209,387 for the same periods of the prior year.

### Consulting fees:

Consulting fees were paid to part-time consultants. As an early stage business, the Company relies on part-time consultants to carry out certain functions, allowing the Company to avoid committing to full-time employment contracts. Other functions that the Company incurred consulting fees on during the period are as follows:

- Certain technological maintenance and improvements relating to the HeyBryan App and website;
- Financial planning and accounting; and
- Certain creative and graphic development.

For the three and nine months ended September 30, 2020, the Company incurred consulting fees of \$42,401 and \$447,514, as compared to \$183,662 and \$691,057 for the same periods of the prior year.

### General and administrative:

For the three and nine months ended September 30, 2020, the Company incurred general and administrative expenses of \$33,899 and \$164,370, as compared to \$36,061 and \$95,068 for the same periods of the prior year. The increase in general and administrative expenses for the nine-month period was due to the Company expanding its team and office capacity to support the App's launch. The decrease in general and administrative expenses during the three-month period was mainly due to the expense control measures that were implemented to reserve cash resources.

### Professional fees:

Professional fees primarily related to legal expenses and financial expertise the Company retained to support its App launch and financial reporting obligations as a public company. For the three and nine months ended September 30, 2020, the Company incurred professional fees of \$60,122 and \$89,324, as compared to \$80,578 and \$225,915 in the same periods of the prior year. The decrease in professional fees was mainly driven by the preparation of its initial public offering in the prior period, which closed on October 2, 2019. Going forward, the Company expects to incur legal, accounting and audit fees required to maintain its listing.

### Rent:

The Company incurred additional office rent of \$7,497 and \$25,822 for the three and nine months ended September 30, 2020, as compared to \$3,334 and \$13,008 for the same periods of the prior year. The increase in rent was due to moving to an office space from a shared space previously.

### Royalties:

The Company incurred royalties of \$84,444 and \$253,332 for the three and nine months ended September 30, 2020, as compared to \$6,529 and \$19,588 in the same periods of the prior year. The royalties relate to an Endorsement and License Agreement (the "Agreement"), whereby the Company receives endorsement benefits and intellectual property rights from Baeumler Productions Inc. and Bryan Baeumler. On May 8, 2019, the Company entered into an amendment to the Agreement, whereby the royalty payments for the first 12-month period following October 1, 2018 be deferred until October 1, 2019.

#### Share-based compensation:

Share-based compensation related to stock options granted to directors, officers, employees and consultants. For the three months ended September 30, 2020, the Company incurred share-based compensation expense of \$101,085, as compared to an expense of \$105,474 in the same period of the prior year. For the nine months ended September 30, 2020, the Company incurred net share-based compensation expense of \$53,914, which included a share-based compensation recovery of \$47,171 and a share-based compensation expense of \$101,085, as compared to an expense of \$491,490 in the same period of the prior year. The Company will continue to use stock options as a compensation method to conserve cash and to develop loyalty, and expects share-based compensation to increase in the future.

#### Gain on modification of convertible debentures:

On August 10, 2020, the Company amended and restated convertible debenture purchase agreements that were originally issued on June 19, 2019. The Company paid \$7,522 of accrued interest and converted the remaining accrued interest to principal for a total principal amount of \$117,522. The principal bears interest at 12% per annum and matures 15 months from the date of restatement of the debentures. The Company recognized a gain of \$7,819 due to the modification of convertible debentures.

#### Loss on settlement of debt:

On February 14, 2020, the Company issued 2,729,591 units to settle \$250,000 of convertible debt and \$17,500 of interest pursuant to the convertible debenture dated June 19, 2019. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.12 per share for a period of 24 months. The revised conversion terms represent an inducement to the holder to convert the convertible debenture. As a result, the Company recognized the difference between the fair value of the consideration the holder received on conversion under the revised terms and the fair value of the consideration the holder would have received under the original terms of \$171,739 as a loss on settlement of debt.

#### Transaction costs:

During the nine months ended September 30, 2020, the Company issued 4,000,000 units to satisfy the \$200,000 obligation and issued 1,600,000 consideration units pursuant to the Conditional Purchase Price Agreement. During the nine months ended September 30, 2020, the Company recognized the \$280,000 fair value of the units issued as transaction costs.

### **SUMMARY OF QUARTERLY RESULTS**

The following is selected financial information as prepared in Canadian dollars under International Financial Reporting Standards derived from the Company's eight most recently completed fiscal quarters:

	September 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$	December 31, 2019 \$
Total Assets	3,683,835	3,904,261	4,057,192	4,339,642
Revenue	4,855	4,058	6,455	6,132
Net Loss	(528,390)	(360,027)	(1,641,984)	(2,189,925)
Loss per Share	(0.01)	(0.00)	(0.02)	(0.03)

	September 30, 2019 \$	June 30, 2019 \$	March 31, 2019 \$	December 31, 2018 \$
Total Assets	4,934,234	4,976,702	5,161,740	4,959,307
Revenue	6,984	4,086	546	519
Net Loss	(829,843)	(781,263)	(861,898)	(1,527,263)
Loss per Share	(0.01)	(0.01)	(0.01)	(0.05)

The Company's business is not seasonal. Fluctuation in net losses was primarily driven by certain one-time and non-recurring transactions.

## **LIQUIDITY**

As at September 30, 2020, the Company held assets totaling \$3,683,835, consisting of \$83,860 in cash, \$34,259 in amounts receivable, \$23,497 in prepaid expenses, \$124,732 in property and equipment, and \$3,417,505 in intangible assets. As at September 30, 2020, the Company had total liabilities of \$1,015,641, comprised of accounts payable and accrued liabilities of \$770,865, due to related parties of \$2,310, lease liability of \$130,031, and convertible debentures of \$112,435.

As at September 30, 2020, the Company had a working capital deficiency of \$808,041 as compared to a working capital deficiency of \$217,309 at December 31, 2019.

During the nine months ended September 30, 2020, the Company was able to raise \$550,153 in net proceeds from the issuance of units.

On May 7, 2020, the Company issued a total of 748,195 units to settle debt of \$37,410 at a deemed price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.075 per share until May 7, 2022.

The Company is in process to redevelop its business model and go forward strategies and is planning to raise more capital through the issuance of shares or debt instruments.

## **CAPITAL RESOURCES**

The Company remains dependent upon equity markets for financing. The Company has negative cash flow from operations and is dependent upon raising equity financing to sustain its operations.

The Company has not issued dividends to date and has no plans to pay dividends in the foreseeable future.

## **RISK FACTORS**

There are a number of risks associated with the business of the Company, some of which are included in the Company's prospectus filed August 15, 2019 on SEDAR. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors.

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain, operations, and customer demand. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's customers, suppliers, and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on its business, liquidity, capital resources and financial results.

Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed.

## TRANSACTIONS WITH RELATED PARTIES

- a) During the nine months ended September 30, 2020, the Company incurred salary and wages of \$101,406 (2019 - \$96,250) to the Chief Executive Officer ("CEO") of the Company, Lance Montgomery. As at September 30, 2020, the Company owed \$2,310 (December 31, 2019 - \$2,310) to Mr. Montgomery, and former owner of HBI and Fasttask, for loans provided to the Company and for expenses paid on behalf of the Company. The balance is unsecured, non-interest bearing and due on demand.
- b) During the nine months ended September 30, 2020, the Company incurred consulting fees of \$53,500 (2019 - \$nil) to the Chief Financial Officer ("CFO") of the Company, Blair Jordan. As at September 30, 2020, the Company owed \$28,600 (December 31, 2019 - \$nil) to Mr. Jordan. The balance is unsecured, non-interest bearing and due on demand.
- c) During the nine months ended September 30, 2020, the Company incurred consulting fees of \$7,200 (2019 - \$7,200) to a Director of the Company, Spiros Margaritis, pursuant to a Director Agreement. At September 30, 2020, the Company has prepaid director's fees of \$nil (December 31, 2019 - \$4,800). As at September 30, 2020, the Company owed \$5,145 (December 31, 2019 - \$nil) to the Director of the Company. The balance is unsecured, non-interest bearing and due on demand.
- d) During the nine months ended September 30, 2020, the Company incurred salaries and wages of \$73,750 (2019 - \$70,000) to the Chief Technology Officer ("CTO") of the Company, Nevin Peterson.
- e) During the nine months ended September 30, 2020, the Company incurred salaries and wages of \$60,833 (2019 - \$nil) to the spouse of the CEO of the Company, Melissa Montgomery.
- f) During the nine months ended September 30, 2020, the Company incurred development costs of \$nil (2019 - \$289,376) and consulting fees of \$nil (2019 - \$291,570) to an affiliated company, Thrive Activations Inc.. As at September 30, 2020, the Company owed \$nil (December 31, 2019 - \$29,777) to the affiliated company, which is included in accounts payable and accrued liabilities. In addition, as at September 30, 2020, the Company has paid a deposit of \$10,000 (December 31, 2019 - \$10,000) to the affiliated company, which is included in prepaid expenses.
- g) During the nine months ended September 30, 2020, the Company incurred share-based compensation of \$95,916 (2019 - \$152,482) to officers and directors of the Company.
- h) On May 7, 2020, the Company issued 1,600,000 consideration units pursuant to a Conditional Purchase Price Agreement with HBI and Fasttask. Each consideration unit consists of one common share and one common share purchase warrant exercisable at \$1.00 per share until September 28, 2020. The Company also issued 4,000,000 units in order to satisfy the \$200,000 obligation due under the agreement. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.075 per share until May 7, 2022. Of these securities issued, 1,131,533 units, including 1,131,533 shares and 1,131,533 warrants were issued to Lance Montgomery, the Company's CEO and President and a Director at the time.
- i) On July 7, 2020, the Company granted 8,550,000 options pursuant to the Company's stock option plan to officers, directors and employees at an exercise price of \$0.06 per share, exercisable for 2 years. Of the options granted, 2,500,000 options were granted to Lance Montgomery, the Company's CEO and President and a Director at the time, 750,000 options were granted to Melissa Montgomery, an employee of the Company at the time and the spouse of Lance Montgomery, the Company's CEO and President at the time, 2,500,000 to Blair Jordan, the Company's CFO at the time, 200,000 to Rita Theil, a director of the Company at the time, 100,000 to Spiros Margaritis, a director of the Company, 150,000 to Lianne Hannaway, a director of the company at the time, 100,000 to Michael Stulp, a director of the Company at the time, and 1,500,000 to Nevin Petersen, the CTO of the Company at the time.

## **SHARE DATA**

The Company is authorized to issue an unlimited number of common shares.

As at September 30, 2020, there were 94,437,455 common shares issued and outstanding. There were 12,530,000 stock options and 49,005,214 stock purchase warrants outstanding

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements that would require disclosure.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company's critical accounting estimates include the collectability of amounts receivable, the useful lives and carrying values of intangible assets, the measurement of share-based compensation, the fair value of warrants issued as compensation, and the measurement of unrecognized deferred income tax assets. Estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **CHANGES IN ACCOUNTING POLICIES**

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **FINANCIAL INSTRUMENTS AND RISKS**

### **a) Fair Value**

The fair value of the Company's cash, amounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company does not carry any financial instruments at FVTPL.

### **b) Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. Amounts receivable is primarily comprised of trade accounts receivable and harmonized sales tax due from the Canadian government. For accounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. The carrying amount of financial assets represents the maximum credit exposure.

### **c) Foreign Exchange Rate and Interest Rate Risk**

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

### **d) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

## **DISCLOSURE OF INTERNAL CONTROLS**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with



respect to the financial information contained in the unaudited condensed interim consolidated financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **SUBSEQUENT EVENTS**

- a) On November 24, 2020, the Company entered into a settlement agreement with Baeumler Productions Inc. and Bryan Baeumler (collectively, the "Parties") to terminate the endorsement agreement with the Company. Per the agreement, the settlement amount for all amounts owing to the parties was reduced to \$150,000 and is payable in units of the Company at \$0.10 per unit. Each unit will consist of one share and one warrant exercisable at \$0.40 per share for a period of 2 years. Pursuant to the agreement, the Company will be changing its names to remove the word "HeyBryan" or any combination of words incorporating the word "Bryan".
- b) Subsequent to September 30, 2020, there were significant changes in management and the board of directors of the Company. Lance Montgomery resigned as President & CEO and a Director of the Company. Blair Jordan resigned as the CFO. Rita Theil, Lianne Hannaway and Michael Stulp resigned as directors. William White was appointed as the President & CEO of the Company. Geoff Balderson was appointed as the CFO. Daniel Kang and Angelo Rajasooria were appointed as directors.