*A copy of this preliminary prospectus has been filed with the securities regulatory authority in British Columbia but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering.*

**PRELIMINARY PROSPECTUS**

NON-OFFERING PROSPECTUS August 5, 2021

**PR TECHNOLOGY INC.**

No securities are being offered pursuant to this preliminary prospectus (the "**Prospectus**"). This Prospectus is being filed by PR Technology Inc. (the "**Company**") with the securities regulatory authority in the Province of British Columbia to enable the Company to become a reporting issuer pursuant to applicable securities legislation in the Province of British Columbia notwithstanding that no sale of its securities is contemplated herein.

Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

**There currently is no market through which the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "*Risk Factors*" and "*Statement Regarding Forward-Looking Information*".**

The Company intends to apply to list its common shares (the "**Common Shares**") on the Canadian Securities Exchange (the "**CSE**"). The CSE has not approved the listing of the Common Shares. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE. There is no guarantee that the CSE will provide approval for the listing of the Common Shares.

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States.

**An investment in Common Shares of the Company is highly speculative due to various factors, including the nature and stage of development of the business of the Company.** In reviewing this Prospectus, you should carefully consider the matters described under the heading "*Risk Factors*".

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Chang Guk Kim and Jong in Park (the "**Non-Resident Directors**"), directors of the Company, reside outside of Canada. Each of the Non-Resident Directors has appointed DuMoulin Black LLP, 10th Floor, 595 Howe Street, Vancouver, British Columbia, as their agent for service of process. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Company's head office is located at #1001 – 1166 Alberni Street, Vancouver, BC V6E 3Z3 and its registered and records is located at $10^{th}$ Floor, 595 Howe Street, Vancouver, BC V6C 2T5.

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## GLOSSARY

In this Prospectus, the following capitalized terms have the following meanings, in addition to other terms defined elsewhere in this Prospectus.

"**Affiliate**" means any a body corporate, trust, limited partnership, partnership or other person that is affiliated with the Company.

"**Assets**" has the meaning ascribed to such term under the heading "*Description of the Business – Business of the Company - General*".

"**Asset Transfer Agreement**" means the asset transfer agreement among the Company, PRC and the Subsidiary dated April 30, 2021, as amended.

"**Audit Committee"** means the Audit Committee of the Board.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), including the regulations thereunder, as amended.

"**Board**" means the board of directors of the Company.

"**Business**" means the Company's business of developing, manufacturing and marketing low frequency resonant wireless power transfer technology and wireless power transmission products.

"**Carve-Out Financial Statements**" means financial statements of the Assets as owned and operated by PRC prior to the acquisition of the Assets by the Company, comprised of statements for the year ended December 31, 2020 (audited), the year ended December 31, 2019 (unaudited) and the three months ended March 31, 2021 (unaudited).

"**CEO**" or "**Chief Executive Officer**" means the Chief Executive Officer of the Company.

"**CFO**" means the Chief Financial Officer of the Company.

"**Code of Conduct**" means the Company's Code of Conduct, Whistleblower and Anti-Retaliation Policy.

"**Columbia Subscription Receipt Option**" has the meaning ascribed thereto under the heading "*Options to Purchase Securities – Columbia Subscription Receipts*".

"**Columbia Subscription Receipts**" has the meaning ascribed thereto under the heading "*Options to Purchase Securities – Columbia Subscription Receipts*".

"**Common Shares**" has the meaning ascribed thereto on the first page of this Prospectus.

"**Company**" means PR Technology Inc., a company incorporated under the BCBCA on April 23, 2019.

"**Compensation Committee**" means the Compensation Committee of the Board.

"**Conversion Date**" has the meaning ascribed thereto under the heading "*Options to Purchase Securities – Columbia Subscription Receipts*".

"**Corporate Governance Committee**" means the Corporate Governance Committee of the Board.

"**COVID-19**" means the novel coronavirus.

"**CSE Policy 2**" means the CSE Policy 2 – *Qualification for Listing*.

"**CSE**" has the meaning ascribed thereto on the first page of this Prospectus.

"**Escrow Agent**" means Endeavor Trust Corporation, the escrow agent under the Escrow Agreement.

"**Escrow Agreement**" means the escrow agreement substantially in Form 46-201F1– *Escrow Agreement* (the form of agreement for escrow arrangements under NP 46-201) entered into by the Escrowed Securityholders with the Escrow Agent on May 27, 2021.

"**Escrowed Securities**" means the securities subject to the Escrow Agreement.

"**Escrowed Securityholders**" means each of Chang Guk Kim, Changuk Choi, Seungchul Kim and PRH Co., Ltd.

"**Financial Statements**" means the audited annual financial statements of the Company for the year ended December 31, 2020, the unaudited financial statements of the Company for the period from incorporation on April 23, 2019 to December 31, 2019, the unaudited interim financial statements of the Company for the three months ended March 31, 2021, the Carve-Out Financial Statements and the Pro-Forma Financial Statements.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board and the interpretations thereof by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee.

"**Listing Date**" means the date of the bulletin issued by the CSE evidencing final CSE acceptance of the application for Listing.

"**Listing**" means the listing of the Common Shares on the CSE.

"**MD&A**" means management's discussion and analysis.

"**NEO**" or "**Named Executive Officer**" has the meaning ascribed to such term under the heading *"Director and Executive Compensation*".

"**NI 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings.*

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance.*

"**Option Holder**" has the meaning ascribed to such term under the heading "*Options to Purchase Securities – Stock Option Plan*".

"**Option**" means an option to purchase a Common Share granted pursuant to the Stock Option Plan.

“**Order**” has the meaning ascribed to such term under the heading “*Directors and Executive Officers – Cease Trade Orders, Bankruptcies*”.

“**PRC**” means Power Republic Corp., a company incorporated under the laws of the Republic of Korea on December 1, 2016.

“**Pro forma Financial Statements**” means the pro forma financial statements of the Company as at December 31, 2020 after taking into effect the acquisition of the Business by the Company.

“**PRTK**” means PRT Korea Co., Ltd., a company incorporated under the laws of the Republic of Korea on September 1, 2020 and a wholly-owned subsidiary of the Company.

“**Reorganization**” has the meaning ascribed to such term under the heading “*Description of the Business – Business of the Company – Material Reorganization*”.

“**RGV**” means Rail Guided Vehicle.

“**Shareholders**” means the holders of the Common Shares and “**Shareholder**” means any one of them.

“**Shares**” has the meaning ascribed to such term under “*Certain Canadian Federal Income Tax Considerations”*.

“**Stock Option Plan**” means the stock option plan of the Company as approved by the Board on August 4, 2021 as amended from time to time.

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

## ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to the exclusion of others. The Company has not authorized anyone to provide investors with additional, different or inconsistent information. If anyone provides investors with additional, different or inconsistent information, including information or statements in media articles about the Company, investors should not rely on it.

The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus. The Company's business, financial condition, operating results and prospects may have changed since the date of this Prospectus.

Any graphs, tables or other information demonstrating the historical performance or current or historical attributes of the Company or any other entity contained in this Prospectus are intended only to illustrate historical performance or current or historical attributes of the Company or such entities and are not necessarily indicative of future performance of the Company or such entities.

This Prospectus includes summary descriptions of certain material agreements of the Company (see "*Material Contracts*"). The summary descriptions disclose provisions that the Company considers to be material, but are not complete and are qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and will be available under the Company's profile on SEDAR at www.sedar.com. Investors are encouraged to read the full text of such material agreements.

All dollar amounts referenced in this Prospectus, unless otherwise indicated, are expressed in Canadian dollars ("$" or "C$"). Certain information in this Prospectus is presented in South Korean wons ("wons" or "₩"). The functional currency of the Company is wons. All figures in Canadian dollars are based on an assumed exchange rate of CAD$0.0011 = 1 won.

## MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise indicates, the "Company" refers to PR Technology Inc. as constituted on the date of this Prospectus.

## STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, (collectively, "**forward-looking statements**"), which reflect management's expectations regarding the Company's future growth, results from operations (including, without limitation, statements about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results), performance (both operational and financial) and business prospects, future business plans and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- the timing and closing of the receipt for this Prospectus, in a timely manner, and receipt of regulatory and other required approvals;
- the listing of the Common Shares on the CSE, including the Company fulfilling all applicable listing requirements;
- the anticipated time and cost to commercialization of the Company's products;
- the efficiency of the Company's WPT technology and WPT products;
- the expansion of the Business in North America;
- the Company's plans with resect to distribution, sales and marketing, production and services;
- the Company's expected future generation of revenue;
- the potential regulatory environment applicable to the Company's products as it expands into new markets;
- the expansion of the Company's intellectual property portfolio;
- the Company may identify overseas vendors for the purchase of raw materials;
- the Company's plans to hire additional employees;
- the Company's potential competitive advantages of its products;
- the Company's intended use of available funds;
- the Company's future business plans and the Company's expectations with respect to the achievement of certain milestones;
- expectations regarding the ability and need to raise further capital;
- the Company's compensation policy and practices;
- effects of COVID-19;
- the Company's expected reliance on key management personnel, advisors and consultants;
- future composition of the Board;
- the assessment of the Board on an annual basis; and
- the Escrow Agreement, and the escrow of the Escrowed Securities (as such terms are defined herein).

Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Prospectus including, without limitation, assumptions about:

- that general business and economic conditions will not change in a material adverse manner;
- the accuracy of budgeted costs and expenditures;
- future currency exchange rates and interest rates;
- operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner;
- the Company's ability to attract and retain skilled personnel;
- political and regulatory stability;
- requirements under applicable laws;
- stability in financial and capital markets; and
- expectations regarding the level of disruption to as a result of COVID-19.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements. Such risks include, without limitation:

- there is no existing public market for the for the Common Shares;
- the Common Shares may be subject to significant price volatility;
- the speculative nature of investment risk and no history of dividends;
- the Company's need for additional funding and the possibility of dilution;
- inability of the Company to meet the CSE continued listing requirements;
- COVID-19;
- the Company's reliance on management;
- the Company's limited operating history;
- the Company's negative operating cash flow;
- the Company will require substantial additional capital;
- the Company's ability to develop the Business;
- the Company's ability to manage growth;
- inability of the Company to protect intellectual property;
- internal controls;
- the risk of a breach of confidentiality;
- conflicts of interest;
- legal claims and other contingencies;
- the difficulty of forecasting whether, and to what extent, the Company will achieve sales;
- industry risks;
- competition;
- the Company's ability to innovate, increase efficiencies and attract new customers;
- economic conditions in Korea;
- foreign currency and currency fluctuations;
- the impact on the Business due to financial instability in countries other than Korea;
- foreign countries and political risk;
- the impact on the Business due to tensions with North Korea; and
- other factors discussed under "*Risk Factors*".

Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "*Risk Factors*" for a discussion of certain factors investors should carefully consider before deciding to invest in securities of the Company.

*The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.*

Forward-looking statements contained herein are made as of the date of this Prospectus and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

## THIRD PARTY INFORMATION

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this Prospectus are not guaranteed and the Company does not make any representation as to the accuracy or completeness of such information.

## PRESENTATION OF FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The Company presents its financial statements in Canadian dollars. The Financial Statements have been prepared in accordance with IFRS. Certain financial information set out in this Prospectus is derived from the Financial Statements.

## PROSPECTUS SUMMARY

***The following is a summary of the principal features of this Prospectus and is qualified in its entirety by, and should be read together with, the more detailed information, financial statements and MD&A contained elsewhere in this Prospectus. This summary does not contain all of the information a potential investor should consider before purchasing securities of the Company. Please refer to the "Glossary" for a list of defined terms used herein.***

### The Company

The Company was incorporated under the BCBCA on April 23, 2019 under the name "PR Technology Inc." The Company's head office is located at #1001 – 1166 Alberni Street, Vancouver, BC V6E 3Z3 and its registered and records is located at 10th Floor, 595 Howe Street, Vancouver, BC V6C 2T5.

The Company is not a reporting issuer in any jurisdiction and the Common Shares are not listed or posted for trading on any stock exchange. The Company intends to apply to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

See "*Corporate Structure*" and "*Description of the Business*".

### Principal Business

The Company is a technology company with a portfolio of intellectual properties in the wireless power transmission ("**WPT**") technology industry. The Company has developed a low frequency resonant WPT technology and offers WPT products which the Company believes are more efficient than the traditional WPT products.

The Company, through its wholly-owned subsidiary, PRTK, is primarily focused on the development of its WPT systems for factory automation and rail guided vehicles ("**RGVs**") on the factory floor. The Company is also engaged in developing wireless chargers for mobile devices, wireless charging stations for drones, wireless charging products for home appliances, and wireless LED lights for toys and fish tanks. See "*General Development and Business of the Company – Business of the Company*".

### Risk Factors

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company. Prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Company, including risks related to: the market for the Common Shares and volatility of Common Share price, the speculative nature of investment risk and no history of dividends, the need for additional funding and the possibility of dilution, meeting the CSE continued listing requirements, COVID-19, reliance on management, limited operating history, negative operating cash flow, insufficient capital and financing requirements, the Company's ability to develop the Business, the Company's ability to manage growth, inability to protect intellectual property, internal controls, breaches of confidentiality, conflicts of interest, legal claims and other contingencies, the difficulty of forecasting whether, and to what extent, the Company will achieve sales, industry risks, competition, the Company's ability to innovate, increase efficiencies and attract new customers, economic conditions in Korea the impact on the Business due to tensions with North Korea, foreign currency and currency fluctuations, the impact on the Business due to financial instability in countries other than Korea, foreign countries and political risk, conflicts of interest and others. For a detailed description of these and other risk factors see "*Risk Factors*".

**Available Funds**

The Company’s estimated working capital as at July 31, 2021, being the most recent month end prior to the date of this Prospectus, was C$ 1.38 million.

**Principal Purposes**

The Company's working capital as at July 31, 2021, is intended to be used for the period ending 12 months after the completion of the Listing as follows:

| **Item** | **Amount (C$)** |
|---|---|
| Research and development (1) | $137,500 |
| Marketing Expenses(2) | $26,400 |
| Cost of Listing and Maintenance(3) | $24,800 |
| General and administrative costs (4) | $806,500 |
| Unallocated working capital(5) | $384,800 |
| **Total** | **$ 1,380,000** |

Notes:

(1) Comprised of expenses related to the research and development of the WPT systems for factory automation and RGVs, Hoguwatt, Lightning Bug and wireless charging stations for drones.
(2) Comprised of expenses related to marketing, advertisement and exhibitions.
(3) Comprised of expenses related to the Listing, including Listing fees.
(4) General and administrative costs broken down approximately as follows:
   (a) compensation payable to executives of the Company - $44,000;
   (b) director fees - $41,000;
   (c) wages and salaries payable to current and anticipated employees and consultants - $459,400; and
   (d) professional fees comprised of legal, audit and tax fees - $262,100.
(5) Includes funds to be used towards director and officer insurance.

The Company intends to spend its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Company’s circumstances, business outlook, and/or for other circumstances, that a reallocation of funds is necessary in order for the Company to achieve its overall business objectives.

See “*Use of Available Funds - Principal Purposes*”.

**Selected Financial Information**

The following table sets out certain selected financial information for the periods and as at the dates indicated. This information has been derived from the Financial Statements. The Company prepared the Financial Statements in accordance with IFRS. The unaudited pro forma financial information as at December 31, 2020 has been prepared by the Company and is presented as if the acquisition of the Assets by the Company had occurred on December 31, 2020. Investors should read the following information in conjunction with those financial statements and related notes thereto, along with the applicable MD&As.

| | The Company | | The Assets | | Pro forma Consolidated |
|---|---|---|---|---|---|
| | For the period from incorporation on April 23, 2019 to December 31, 2019 (unaudited) ($) | For the year ended December 31, 2020 (audited) ($) | For the year ended December 31, 2019 (unaudited) ($) | For the year ended December 31, 2020 (audited) ($) | For the year ended December 31, 2020 (unaudited) ($) |
| Total revenues | 0 | 0 | 0 | 0 | 0 |
| Expenses | 1,048 | 6,778 | 2,159,460 | 1,890,466 | N.A. |
| Net loss and comprehensive loss for the period | (1,048) | (6,778) | (2,089,417) | (1,827,215) | N.A. |
| Basic loss per share | (15.19) | (67.78) | N.A. | N.A. | N.A. |
| Current assets | 1,052 | 1,774 | 140,672 | 2,601,350 | 1,501,774 |
| Total assets | 1,052 | 1,774 | 2,369,124 | 4,487,439 | 2,812,948 |
| Current liabilities | 2,000 | 9,500 | 921,751 | 483,600 | 9,500 |
| Total liabilities | 2,000 | 9,500 | 1,332,273 | 752,929 | 9,500 |
| Total shareholders' equity | (948) | (7,726) | 1,036,851 | 3,734,510 | 2,803,448 |

| | The Company | The Assets |
|---|---|---|
| | For the period Ended March 31, 2021 (unaudited) ($) | For the period ended March 31, 2021 (unaudited) ($) |
| Total revenues | 0 | 0 |
| Expenses | 157,254 | 646,363 |
| Net loss and comprehensive loss for the period | 157,254 | (731,795) |
| Basic loss per share | (1,572.54) | N.A. |
| Current assets | 80,551 | 2,123,052 |
| Total assets | 80,551 | 3,970,729 |
| Current liabilities | 245,531 | 591,455 |
| Total liabilities | 245,531 | 852,470 |
| Total shareholders' equity | (164,980) | 3,118,259 |

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Statement Disclosure*”.

## CORPORATE STRUCTURE

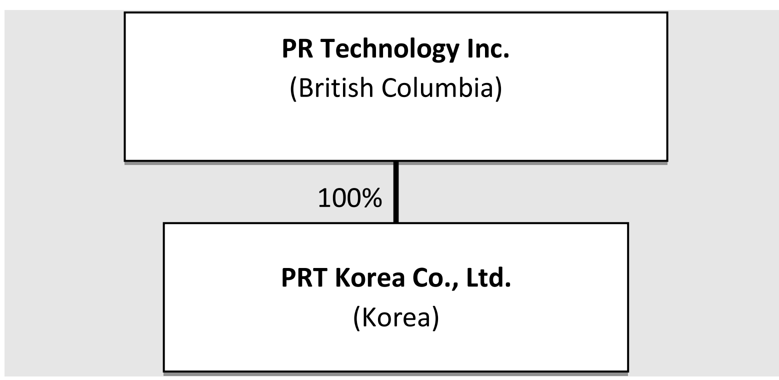
### Name, Address and Incorporation

The Company was incorporated under the BCBCA on April 23, 2019 under the name “PR Technology Inc.” The Company's head office is located at #1001 – 1166 Alberni Street, Vancouver, BC V6E 3Z3 and its registered and records is located at 10th Floor, 595 Howe Street, Vancouver, BC V6C 2T5.

The Company is not a reporting issuer in any jurisdiction and the Common Shares are not listed or posted for trading on any stock exchange. The Company intends to apply to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

### Intercorporate relationships

The Company has one wholly-owned subsidiary, PRTK, a corporation incorporated under the laws of the Republic of Korea on September 1, 2020. PRTK’s registered office is located at #202 - 374 Simin-daero, Dongan-gu, Anyang City, Gyeonggi-do, Korea. The following chart depicts the corporate structure of the Company:




## DESCRIPTION OF THE BUSINESS

### Business of the Company

In this section, references to “the Company” refer to the Company, PRC and PR Korea Co., Ltd. as predecessor owners of the Assets, and PRTK, as applicable.

#### *General*

On April 23, 2019, the Company was incorporated by PRC under the BCBCA to facilitate a listing on a stock exchange in Canada and the potential future expansion of its business in North America. On April 30, 2021, the Company entered in an Asset Transfer Agreement with PRC and PR Korea Co. Ltd., pursuant to which PR Korea Co. Ltd. transferred to the Company all of the assets (the “**Assets**”) used to carry on the Business on May 27, 2021. The Assets included (1) cash; (2) a portfolio of intellectual property; (3) the goodwill and know-how and trade secrets developed in connection with the Business; and (4) all of the issued and outstanding shares of PRTK.

The Company is a technology company with a portfolio of intellectual properties in the WPT technology industry. The Company has developed a low frequency resonant WPT technology and offers WPT products which the Company believes are more efficient than the traditional WPT products.

WPT refers to the transfer of energy from the transmitter device to the receiver device without the need of wire. Power transfer takes place across the air. This offers the advantages of convenience and no energy loss over conventional energy transfer methods. WPT has a vast range of applications in consumer goods, automotive, healthcare, defense, industrial and other industries. Further, the consumer electronics segment has been adopting WPT devices for the charging of smartphones and wearable devices.

The Company, through its wholly-owned subsidiary, PRTK, is primarily focused on the development of its WPT systems for factory automation and RGVs. The Company is also engaged in developing wireless chargers for mobile devices, wireless charging stations for drones, wireless charging products for home appliances, and wireless LED lights for toys and fish tanks.

WPT Systems for Factory Automation and RGVs

The Company is primarily focused on developing WPT systems in the automobile industry for RGVs used on the factory floor in manufacturing facilities. The Company's RGV WPT technology is based on the magnetic resonance technology and includes transmitters ("**Tx**") and receivers ("**Rx**"). The receivers are installed on the RGVs and the transmitters are installed at certain locations along the rail lines. The power is automatically transferred along the rail lines where transmitters are installed. This removes the need for wired charging of the RGVs resulting in improved productivity and reduced wear and tear.

The Company is engaged in discussions with an automobile manufacturer in Korea to supply the Company's WPT products to its manufacturing facility. The Company supplied sets of Tx and Rx samples to the manufacturer to test in the manufacturer's facility in Korea. The test samples were applied to RGVs in the manufacturer's automation facility and the results were positive. The Company demonstrated its products for members of the management of the manufacturer in both its domestic and overseas facilities. The Company and the manufacturer have executed a non-disclosure agreement and a non-binding letter of intent. The Company is encouraged by the progress of these discussions and demonstrations to date and is actively pursuing a purchase order from this manufacturer.

The Company is continuing its research and development of the WPT systems for factory automation and RGVs, including development of the communication function of the WPT systems for factory automation and RGVs. The Company anticipates this will take approximately 7 months and cost approximately $70,000.

Other

While the Company's primary focus is the development of its WPT systems for factory automation and RGVs, the Company is also engaged in developing wireless chargers for mobile devices, wireless charging stations for drones, wireless charging products for home appliances, and wireless LED lights for toys and fish tanks. A description of each of these products, the stage of development and the estimated time and cost to commercialization are set out below. The timing of the following activities is dependent on many factors. The Company does not expect to complete the following activities during the 12 months following completion of the Listing.

*Wireless Charing for Mobile Devices*

In the second half of 2020, the Company introduced a wireless cellphone charger called 'Hoguwatt' through a crowdfunding platform in Korea and sold over 200 units. The Hoguwatt, based on magnetic resonance technology, can charge a device from a distance of three centimeters regardless of any physical obstacles and can be installed in a table. The Company is continuing to research and develop the application of the Hoguwatt to different products. The Company anticipates this will take at least five months and cost approximately $23,000.

*Wireless Charging for Home Appliances*

The Company developed a WPT system and wireless charger for home appliances including smart tables, electric toothbrushes, humidifiers, LED lights and Bluetooth speakers with a power range between 15W and 200W. The Company has determined that additional research and product development will be required to successfully commercialize these products. Sample production was underway, however it has been put on hold while the Company focuses on other aspects of its Business. In order for the WPT system for home appliances to be ready for commercialization, the Company will need to finish sample production, complete testing, and make any modifications. The Company anticipates this will take at least six months and cost approximately $44,000.

*Wireless Drone Charging Stations*

The Company's wireless charging station for drones enables drones to charge wirelessly by automatic sensor when they approach the station, which is not possible with existing plug-in drone charging systems. The charging stations for drones are equipped with a supply system suitable for fast charging and can be used in a variety of industries including military, security, rescue, reconnaissance, logistics and agriculture.

The Company implemented pilot projects and supplied its drone wireless charging system and station to the Korea Aerospace Research Institute and Korean Express Corporation.

On February 24, 2021, the Company signed a memorandum of understanding with LIG Nex1 Co., Ltd. a South Korean aerospace manufacturer and defense company, to develop an aviation drone business together and whereby both companies will collaborate and expand the drone business in the defence and private aviation sectors. Both companies will jointly research and develop future air drone technologies in the defence and private sectors and promote various activities such as mass production and export.

LIG Nex1 Co., Ltd. will be in charge of the overall development of the aviation drone field while the Company will be in charge of developing WPT systems for drones and unmanned aerial vehicles. The Company expects to be able to provide a prototype to LIG Nex1 Co., Ltd. for a domestic defence exhibition in Korea in November 2021. The Company anticipates it will take approximately six months to 2 years for commercialization. Expected development costs are anticipated to be approximately $165,000 and the costs will be mostly covered by LIG Nex1 Co., Ltd.

*Wireless LED Lights*

The Company has developed wireless LED lights for use in consumer products, mainly toys and fish tanks, called the 'Lightning Bug'. In 2017, the Company supplied 50,000 product modules of Lightning Bugs to a Japanese company. However, the Company has no further sales of the Lightning Bug to date.

Further development of the Lightning Bug is expected to take approximately 3 months and cost approximately $66,000.

***Principal Markets***

The following table sets out the target markets the Company has identified for each of its products and the geographical regions where each target market is located.

| | Target market | Geographical Regions |
|---|---|---|
| WPT Systems for Factory Automation and RGV | Unmanned Guided Vehicle (“UGV”) & RGV Operators | Republic of Korea |
| | UGV & RGV Manufacturers / System Integration (“SI”) companies | Republic of Korea, United States, Europe, China |
| Wireless Drone Charging Systems | Operators of Surveillance drone | Republic of Korea |
| Wireless charging for mobile devices (Hoguwatt) | General consumers | Republic of Korea, United States, China |
| | Manufacturers of Interior/furniture | Republic of Korea |
| Wireless charging for home appliances | General consumers | Republic of Korea, United States, China |
| Wireless LED lights (Lightning Bug) | General consumers | Republic of Korea, United States, Canada, Japan, China, Europe |
| | Interior, licencing companies related to toy characters. | Republic of Korea |

***Distribution Methods***

The Company is not currently distributing large quantities of any of its products. The Company plans to focus on distributing its products to manufacturers, operators and other service providers in factory automation, drone station, and toy business segment. The Company plans to distribute its consumer products, such as wireless charger and toy products, to customers directly through social networking services or other online markets.

The Company intends to implement its sales and marketing plans through participation in various exhibitions globally, consultations with various government agencies in Korea, overseas business delegations in South America, the United States and Europe and online marketing including the Company's website, government agency websites, B2B websites and other social networking websites.

***Production and Services***

The Company is not currently selling large quantities of any of its products. The Company plans to contract with original equipment manufacturers to manufacture the products and may consider establishing its own manufacturing facility in the future, if warranted by order quantities. The Company is currently producing the Hoguwatt through an original equipment manufacturer in China.

***Revenue Model***

The Company has not sold its products in large quantities and the Company does not currently generate a material level of revenue. The Company expects to generate revenue through the sale of its products by way of purchase orders from customers in the industries noted elsewhere in this Prospectus.

***Specialized Skills and Knowledge***

Various aspects of the Business require specialized skills and knowledge relating to, but not limited to, WPT technology. The required knowledge and skills are currently available to the Company through certain members of the Company's management, directors, officers, employees, consultants and advisors. See "*Risk Factors – Risks Related to the Business - Dependence on Management and Key Personnel*".

***Competitive Conditions***

The Company expects that the market for WPT technology and related products will continue to grow. As the growing market attracts more suppliers, the Company will likely face intense competition from other companies, some of which can be expected to have more financial and technical resources than the Company. It is probable that the number of companies seeking to develop products similar to the Company's products will increase.

The Company's success will depend on management's ability to adapt to the competing forces, to develop more advanced products more rapidly and less expensively than the Company's competitors.

The Company focuses on its WPT business in the Republic of Korea as a principal market. There are a number of companies that may be considered competitors of the Company with respect to each aspect of the Business. The following table sets out the Company's competitors, the country in which such competitors are located and the competitive advantages of the Company's products with respect to its competitors.

| | Competition | Country | Competitive Advantages |
|---|---|---|---|
| WPT Systems for Factory Automation and RGV | DAIFUKU | Japan | • Possible power transfer by power module integrated with communication sensor<br>• Low frequency (20~100 kHz) |
| | B&Plus | Japan | |
| | PHOENIXCONTACT | Germany | |
| Wireless Drone Charging Systems | WiBotic | U.S. | • Wireless charging without contact, within a distance of 30 mm. |
| | H3 Dynamics | China | |

| | Competition | Country | Competitive Advantages |
|---|---|---|---|
| | ETRI (Electronics &Telecommunications Research Institute) | Korean | |
| Wireless charging for mobile devices (Hoguwatt) | ENERQI | U.S. | Ability to charge between Tx and Rx regardless of specific contact point with low frequency of 20kHz~130kHz |
| | FUNXIM | Hong Kong | |
| | Other magnetic induction wireless charger companies | Various | |
| Wireless charging for home appliances | Other magnetic induction wireless charger companies | Various | • Magnetic resonance wireless charging without contact, compared to existing magnetic induction products which require contact for wireless charging.<br>• Longer distance between Tx and Rx and higher efficiency<br>• Low frequency (20~100 kHz) |
| Wireless LED lights (Lightning Bug) | i-brix | United States | • Low frequency (20~100 kHz)<br>• Possible underwater WPT technology which would apply in fish tank products |
| | Happinet | Japan | |

***New Products or Services***

In the third quarter of 2020, the Company introduced a new wireless cellphone charger called 'Hoguwatt' through a crowdfunding platform in Korea and sold over 200 units.

Product image

***Components***

The Company is purchasing raw materials including coil, modules and instruments from third-party vendors in Korea through various channels to manage costs. The Company may consider identifying overseas vendors to reduce costs when production in large quantities is required.

***Regulatory Environment***

PRTK, a subsidiary of the Company, is incorporated in Korea and most of the Business is currently carried out in Korea. Set out below are the laws and regulations in Korea that, to the Company's knowledge, the Company's WPT systems are currently subject to. As the Company's current and future products have applications in many different industries and countries, the Company's operations and products may become subject to additional federal, provincial, state, local and foreign laws and regulations.

WPT Systems for Factory Automation and RGV

The Company's WPT systems for RGV which are intended to be supplied to the automobile manufacturing industry will be used in a manufacturing facilities as industrial products and do not require any specific certifications. Although not required by law or regulation, the Company has obtained a waterproof certification and completed an oscillatory test which were requested by the automobile manufacturing company in Korea.

Wireless Charging for Mobile Devices

Hoguwatt, a wireless cellphone charger, obtained KC (Korea Certification) as consumer goods which confirms compliance with Korea's product safety requirements for electrical and electronic equipment. KC is issued by Korea-based certification bodies that have been approved by the Korea Standards Association. The Company plans to obtain CE and UL certifications which will allow the Company to sell industrial products freely within United States and European markets, respectively. The CE and UL certifications require products to meet standards that are similar to the KC.

Wireless Charging for Home Appliances

The Company's WPT system and wireless charging for home appliances will be subject to KC (Korea Certification).

Wireless Drone Charging Systems

As the Company's wireless charging station for drones is not considered a consumer electronic, it is not currently subject to any certifications in Korea.

Wireless LED Lights

Lightning Bug, which would be applied in toys, requires KC, UL and CE certifications as well as radio equipment conformity certifications such as FCC (Federal Communications Commission) and TELEC (Telecom Engineering Center). The Company will have to obtain these certifications in connection with any further sales of Lighting Bug.

***Intangible Properties***

The Company's success is dependent, in part, on its patent protected intellectual property for developing WPT technology for wireless charging systems for a variety of applications. The Company's portfolio includes 23 domestic patents and five domestic patent applications as well as 12 international patents and one international patent application. These patents range in duration, with validity extending between 2028 and 2039. The Company plans to keep investing in and expanding its intellectual property portfolio. The Company has patent protection of its WPT systems for factory automation and RGV, its wireless charging stations for drones, and its wireless charging for mobile devises and home appliances. The Company intends to apply for patents with respect to the Lightning Bug.

***Cycles***

There is no apparent seasonal effect or cyclical characteristic associated with the Company's products and services.

***Economic Dependence***

The Company's business is not substantially dependent on any contract.

***Changes to Contracts***

The Company does not expect any aspect of the Business to be affected in the current financial year by renegotiation or termination of any contracts or sub-contracts.

***Environmental Protection***

To the Company's knowledge, none of the Company's current products are subject to environmental protection requirements in the jurisdictions where the Company is marketing those products that have, or are expected to have, financial and operational effects on the capital expenditures, profit or loss or competitive position of the Company.

The Korean government introduced the 'Extended Producer Responsibility (EPR)' system in 2000 that mandates producers and importers of products that fall under EPR requirements or producers and importers of products with packaging materials that fall under EPR requirements to recycle a certain amount of waste from products or packaging materials. A failure to follow this mandate may result in recycling charges. None of the current products of the Company require compliance with the EPR system, however future products may be required to comply.

The Company's current and future products have application in many different industries and countries, and therefore will be subject to different regulatory requirements, including requirements for the protection of the environment, that the Company will be required to comply with.

***Employees***

The Company currently has 4 consultants and 13 full-time employees. The Company plans to hire up to an additional 15 employees for management, marketing and operational roles in 2021, depending on the development of the Business.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. See "*Risk Factors – Risks Related to the Business – Reliance on Management".*

***Foreign Operations***

The Company has foreign operations in Korea through its subsidiary, PRTK. PRTK operates the Business and research and development of the Company in Korea.

***Lending***

The Company does not have lending operations.

***Bankruptcy and Similar Procedures***

The Company has not had any bankruptcy (whether voluntary or otherwise), receivership or other similar proceedings instituted by it or against it since its incorporation nor are any such proceedings contemplated by the Company or to the Company's knowledge, threatened.

***Material Reorganization***

In order to proceed with the application to be listed on CSE and facilitate the potential expansion of the Business in North America, the following reorganization was completed:

1. on April 23, 2019, PRC incorporated the Company in British Columbia, Canada;
2. on October 15, 2020, PRC transferred the Assets to PR Korea Co., Ltd., a company that was incorporated by PRC in Korea for the purposes of effecting the reorganization;
3. on May 27, 2021, the Company acquired the Assets from PR Korea Co., Ltd. pursuant to the Asset Transfer Agreement and in consideration for the Assets, issued 90,578,055 Common Shares to shareholders of PRC and 5,901,945 Common Shares to PRC in trust for shareholders of PRC. The 100 Common Shares that had been issued upon incorporation of the Company were cancelled,

(collectively, the "**Reorganization**"). As a result, former shareholders of PRC own or are entitled to own 100% of the issued and outstanding Common Shares.

***Social or Environmental Policies***

The Company does not have any social or environmental policies that are fundamental to its operations.

## THREE-YEAR HISTORY

In this section, references to "the Company" refer to the Company, PRC and PR Korea Co., Ltd. as predecessor owners of the Assets, and PRTK, as applicable.

***Fiscal Year 2018***

In 2018, the Company obtained ISO 9001 certification for quality management of its WPT technology and registered several patents including patents related to the WPT systems for factory automation and RGVs and its wireless drone charging stations.

The Company developed smart tables which enable the charging of various electronic devices on the table, with some technical issues unresolved.

The Company engaged in discussions with an automobile manufacturing company in Korea and the executed a non-disclosure agreement and a non-binding letter of intent with the automobile manufacturing company in Korea, as discussed above under the heading "*Description of the Business – General – WPT Systems for Factory Automation and RGVs*".

***Fiscal Year 2019***

The Company was incorporated in British Columbia in April 2019.

The Company developed WPT products for fish tanks which required power between 15W and 50W.

The Company supplied sets of Tx and Rx samples to the manufacturer to test in the manufacturer's facility in Korea.

***Fiscal Year 2020***

On October 15, 2020, PRC transferred the Assets to PR Korea Co., Ltd.

The Company supplied additional sets of Tx and Rx samples to an automobile manufacturing company in Korea.

In the second half of 2020, the Company introduced a wireless cellphone charger called 'Hoguwatt' through one of crowdfunding platforms in Korea and sold over 200 units.

***Recent Developments***

On February 24, 2021, the Company signed a memorandum of understanding with LIG Nex1 Co. See *"Corporate Structure – Business of the Company – General – Other – Wireless Drone Charging Stations"*.

***Expected Changes***

The Company is actively pursuing a purchase order for its WPT systems for factory automation and RGVs from an automobile manufacturing company in Korea.

## USE OF AVAILABLE FUNDS

### Available Funds

The Company's estimated working capital as at July 31, 2021, being the most recent month end prior to the date of this Prospectus, was C$ 1.38 million.

### Principal Purposes

The Company's working capital as at July 31, 2021, is intended to be used for the period ending 12 months after the completion of the Listing as follows:

| **Item** | **Amount (C$)** |
|---|---|
| Research and development (1) | $137,500 |
| Marketing Expenses(2) | $26,400 |
| Cost of Listing and Maintenance(3) | $24,800 |
| General and administrative costs (4) | $806,500 |
| Unallocated working capital(5) | $384,800 |
| **Total** | **$ 1,380,000** |

Notes:

(1) Comprised of expenses related to the research and development of the WPT systems for factory automation and RGVs, Hoguwatt, Lightning Bug and wireless charging stations for drones.
(2) Comprised of expenses related to marketing, advertisement and exhibitions.
(3) Comprised of expenses related to the Listing, including Listing fees.

(4) General and administrative costs broken down approximately as follows:
    (a) compensation payable to executives of the Company - $44,000;
    (b) director fees - $41,000;
    (c) wages and salaries payable to current and anticipated employees and consultants - $459,400; and
    (d) professional fees comprised of legal, audit and tax fees - $262,100.
(5) Includes funds to be used towards director and officer insurance.

**The Company intends to spend its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Company's circumstances, business outlook, and/or for other circumstances, that a reallocation of funds is necessary in order for the Company to achieve its overall business objectives. In addition, the current COVID-19 pandemic as well as future unforeseen events may impact the ability of the Company to use the available funds as intended or disclosed. Management has, and will continue to have, the discretion to modify the allocation of the Company's available funds. If management determines that a reallocation of funds is necessary, the Company may redirect its available funds towards purposes other than as described in this Prospectus. The actual amount that the Company spends in connection with each of the intended uses of funds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under "*Risk Factors*".**

**Business Objectives and Milestones**

The primary business objectives of the Company with respect to the use of its available funds over the period ending 12 months after completion of the Listing is the commercialization of the Company's WPT systems for factory automation and RGVs in order to be ready to supply its WPT systems for factory automation and RGVs to a Korean automobile manufacturer. Any remaining funds will be used towards: (i) the continuing research and development of the Hoguwatt, Lightning Bug and wireless drone charging stations; and (ii) the expansion of product application and customer base through marketing.

Set forth below are the Company's milestones, being the significant events which must occur in order for the business objectives described above to be accomplished over the period ending 12 months after completion of the Listing:

| **Milestone** | **Description** | **Estimated Cash Required (C$)** | **Estimated Time Frame** |
|---|---|---|---|
| WPT Systems for Factory Automation and RGV | | | |
| 1. | Development of RGV products with communication function and test | $70,000 | 7 months |
| Wireless Charging for Mobile Devices | | | |
| 2. | Designs of Hoguwatt's applied products | $23,000 | 5 months |
| 3. | Research of wireless charger industry and expand customers | $5,500 | 3 months |
| Wireless LED Lights | | | |
| 4. | Design and layout of Lightning Bug | $10,000 | 3 months |
| 5. | Research of LED industry and identify potential customers | $5,500 | 3 months |

| Milestone | Description | Estimated Cash Required (C$) | Estimated Time Frame |
|---|---|---|---|
| Wireless Drone Charging Systems | | | |
| 6. | Prototype of drone wireless charging station | $18,000 | 6 months |
| 7. | Research of drone station industry and identify other customers | $5,500 | 3 months |
| **Estimated total operating costs necessary to achieve business objectives** | | **$137,500** | |

**Impact of COVID-19**

To date, the COVID-19 pandemic has had not a material impact on the Company's operations, business plans or milestones. Due to the evolving nature of COVID-19 and its impacts, the above timelines may require adjustment in the future. See "*Description of the Business – Business of the Company – Three-Year History*" and "*Risk Factors – COVID-19*".

**Unallocated Funds**

The funds of the Company are held in won. A portion of unallocated funds are held in the Company's bank account and the Company may invest the balance of the funds that it does not immediately require in short-term marketable debt securities, cash balances, certificates of deposit, and other instruments issued by banks or guaranteed by the government. The Company's CFO is responsible for the supervision of all financial assets of the Company. Based on the Company's cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

**Negative Cash Flow**

Since its inception, the Company has generated negative operating cash flows and there are no assurances that the Company will not experience negative cash flow from operations in the future. The Company has to this date funded its operations with proceeds from equity financings and expects to raise additional funds through equity financings.

## DIVIDENDS AND DISTRIBUTIONS

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its Common Shares, and does not currently have a policy with respect to the payment of dividends or other distributions. Additionally, the Company does not intend to pay dividends in the foreseeable future. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on numerous factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and its subsidiaries, as applicable and such other factors as its directors consider appropriate. There can be no assurance that the Company will pay dividends under any circumstances. See "*Risk Factors – Risks Related to the Common Shares – Speculative nature of investment risk and no history of dividends*".

## FINANCIAL STATEMENT DISCLOSURE

The audited annual financial statements of the Company for the years ended December 31, 2020 and from the period from incorporation on April 23, 2019 to December 31, 2019 are included as Schedule "A" to this Prospectus. The unaudited interim financial statements of the Company for the three months ended March 31, 2021 are included as Schedule "C" to this Prospectus. The Carve-Out Financial Statements for the years ended December 31, 2020 (audited), the year ended December 31, 2019 (unaudited) are included as Schedules "E" to this Prospectus. The Carve-Out Financial Statements for the three months ended March 31, 2021 are included as Schedules "G" to this Prospectus. The Pro-forma Financial Statements for the year ended December 31, 2020 are included as Schedule "I" to this Prospectus.

*See also "Management's Discussion and Analysis of Financial Condition and Results of Operations".*

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's MD&A for the year ended December 31, 2020 and for the three months ended March 31, 2021 are included as Schedule "B" and "D" to this Prospectus, respectively. The Company's MD&A for the Carve-Out Financial Statements for the year ended December 31, 2020 and the three months ended March 31, 2021 are included as Schedules "F" and "H", respectively.

## DESCRIPTION OF SECURITIES

The Company's authorized common share capital consists of an unlimited number of Common Shares without par value. As at the date of this Prospectus, there were 96,480,000 Common Shares issued and outstanding.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders and each Common Share confers the right to one vote in person or by proxy at all meetings of the Shareholders. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Common Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

## CONSOLIDATED CAPITALIZATION

Other than as disclosed below, there have been no material changes in the Company's share and loan capital since March 31, 2021, the date of its most recently completed financial period for which financial statements are included in this Prospectus.

The following table sets forth the consolidated share capitalization of the Company as at March 31, 2021. Investors should read the following information in conjunction with the Company's audited consolidated financial statements and unaudited financial statements and, in each case, the related notes thereto, along with the associated MD&As, included in this Prospectus.

| **Designation** | **Amount Authorized** | **Amount Outstanding as of March 31, 2021** | **Amount Outstanding as of the Date of this Prospectus** |
|---|---|---|---|
| Common Shares | Unlimited | 100 | 96,480,000 |
| Options[(1)] | 10% of the total number of issued and outstanding Common Shares | Nil | Nil |
| Columbia Subscription Receipts[(2)] | N/A | Nil | 4,824,000 |

Notes:
(1) See "*Options to Purchase Securities – Stock Options*".
(2) See *"Options to Purchase Securities – Columbia Subscription Receipts*".

## OPTIONS TO PURCHASE SECURITIES

### Stock Options

On August 4, 2021, the Board approved the Stock Option Plan (the "**Stock Option Plan**"). The Stock Option Plan remains subject to Shareholder approval, which the Company intends to obtain after Listing. As of the date of this Prospectus, there are no Options outstanding under the Stock Option Plan. The purpose of the Stock Option Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward those individuals from time to time for their contributions toward the long terms goals of the Company and to enable and encourage those individuals to acquire Common Shares as long term investments. The general terms and conditions of the Stock Option Plan are reflected in the disclosure below. Any capitalized terms used below, but not otherwise defined, shall have the meanings ascribed thereto in the Stock Option Plan.

| **Key Terms** | **Summary** |
|---|---|
| **Administration** | The Stock Option Plan will be administered by the Board, or such director or other senior officer of the Company as may be designated as administrator by the Board. The Board or such committee may make, amend and repeal at any time, and from time to time, such regulations not inconsistent with the Stock Option Plan. |

| | |
|---|---|
| **Number of Common Shares** | The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, **LESS** the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. If an Option is exercised, surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under the Stock Option Plan. |
| **Securities** | Each Option entitles the Participant to purchase one Common Share at an exercise price determined by the Board. |
| **Participation** | Options shall only be granted to Eligible Persons. |
| **Option Agreement** | Every Option shall be evidenced by an Option Agreement executed by the Company and the Participant, which shall, if the Participant is an Employee, Consultant or Management Company Employee, contain a representation and warranty by the Company and such Participant that such Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Company or an Affiliate. |
| **Exercise Price** | The Company must not grant Options with an exercise price lower than the greater of: (i) the closing market prices of the underlying securities on: (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options; or (ii) in the event that the Common Shares are not listed on any stock exchange, the Fair Market Value of the Common Shares on the business day immediately prior to the date of the grant of the Options. |
| **Exercise Period** | The exercise period of an Option will be the period from and including the award date through to and including the expiry date that will be determined by the Board at the time of grant (the "**Expiry Date**"), provided that every Option shall have a term not exceeding, and shall therefore expire no later than, 10 years after the date of grant, subject to extension where the Expiry Date falls within a blackout period as detailed in Section 5.2(b) of the Stock Option Plan. |
| **Vesting** | The Board shall determine the manner in which an Option shall vest and become exercisable. Options granted to Eligible Persons performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any three month period. |

| | |
|---|---|
| **Cessation of being an Eligible Person** | Subject to certain limitations, in the event that an Participant ceases to be an Officer, or Consultant of the Company or ceases to be employed by the Company, other than by reason of death, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is 30 days after such event, provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after such event, and further provided that the Board may, in its discretion, on a case-by-case basis and only with the approval of the CSE, further extend the date of such termination and the resulting period in which such Option remains exercisable to a date exceeding the date which is after twelve months of such event. If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is six months after the date of the Participant's death, provided that the Board may extend the exercise period to the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death. |
| **Limitations** | **To any one person.** The number of Common Shares reserved for issuance to any one person in any 12 month period under the Stock Option Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit.<br><br>**To Consultants.** The number of Common Shares reserved for issuance to any one Consultant in any 12 month period under the Stock Option Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares (on a non-diluted basis) at the time of the grant, except in the case where and for so long as the Company has not been listed on any stock exchange, shall not exceed 2% of the outstanding Common Shares (on a fully diluted basis) at the time of the grant.<br><br>**To persons conducting Investor Relations Activities.** The aggregate number of Common Shares reserved for issuance to all Eligible Persons conducting Investor Relations Activities in any 12 month period under the Stock Option Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.<br><br>**To Insiders.** Unless the Company has received Disinterested |

| | |
|---|---|
| | Shareholder Approval to do so, the aggregate number of Common Shares reserved for issuance to Insiders under the Stock Option Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant; the aggregate number of Common Shares reserved for issuance to Insiders in any 12 month period under the Stock Option Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant. |
| **Amendments, Suspension and Termination** | The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate the Stock Option Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If the Stock Option Plan is suspended or terminated, the provisions of the Stock Option Plan and any administrative guidelines, rules and regulations relating to the Stock Option Plan shall continue in effect for the duration of such time as any Option remains outstanding. |

**Columbia Subscription Receipts**

As of the date of this Prospectus there are 4,824,000 issued and outstanding subscription receipts of the Company (the "**Columbia Subscription Receipts**"). The Columbia Subscription Receipts were issued to Columbia Capital Inc. as an advisory fee at a deemed issue price of $0.0695 per Subscription Receipt. On the date (the "**Conversion Date**") on which both (i) a receipt has been issued for the Company's prospectus and (ii) the Company has received confirmation from the CSE that the Company has met all CSE requirements for the Company's common shares to be listed for trading on the CSE, each Columbia Subscription Receipt will automatically convert, without any further action by or additional consideration from the holder of the Columbia Subscription Receipts, into one Common Share and one Common Share purchase option of the Company (each, a "**Columbia Subscription Receipt Option**"). Each Columbia Subscription Receipt Option will be exercisable to acquire one Common Share for a period of two years from the Conversion Date at an exercise price equal to the greater of: (i) the market closing price of the Common Shares on the Company's first day of trading; and (ii) the 15-day average closing price of the Common Shares starting from the Company's first day of trading.

## PRIOR SALES

The following table summarizes the issuances of Common Shares and securities that are convertible or exchangeable into Common Shares in the 12 months prior to the date of this Prospectus:

| Date of Issue | Number and Type of Securities | Issue or Exercise Price per Security |
|---|---|---|
| May 27, 2021 | 96,480,000 Common Shares(1) | $0.06946 |
| May 27, 2021 | 4,824,000 Columbia Subscription Receipts(2) | $0.0695 |

Notes:
(1) Issued to shareholders of PRC in connection with the Asset Transfer Agreement.
(2) See *"Options to Purchase Securities – Columbia Subscription Receipts"* for further information.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this Prospectus, except as described below, no securities of the Company are held, to the knowledge of the Company, in escrow or are subject to a contractual restriction on transfer.

| Designation of class | Number of securities held in escrow or that are subject to a contractual restriction on transfer | Percentage of class |
|---|---|---|
| Common Shares | 34,502,814 | 35.76% |
| Options | Nil | Nil |
| Columbia Subscription Receipts | 4,824,000 | 100% |

Notes:
(1) These Common Shares are subject to the Escrow Agreement, as described in further detail below under the subheading "*Escrowed Securities.*"

### Contractual Restrictions on Transfer

The Columbia Subscription Receipts are non-transferrable.

### Escrowed Securities

On May 27, 2021, in accordance with CSE Policy 2, the Escrowed Securityholders (constituting "Related Persons" as defined in the policies of the CSE) entered into an Escrow Agreement with Endeavor Trust Corporation, as escrow agent (the "**Escrow Agent**"), pursuant to which the Escrowed Securityholders will collectively deposit 34,502,814 Common Shares (the "**Escrowed Securities**") with the Escrow Agent, representing 35.76% of the issued and outstanding Common Shares.

The Escrowed Securities are subject to the terms and conditions set out in the Escrow Agreement, which is substantially in the form of 46-201F1 – *Escrow Agreement*, the form of agreement for escrow arrangements under NP 46-201, subject to an amendment made to the escrow release period as described below.

Pursuant to the Escrow Agreement, the Escrow Securityholders may not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with their respective Escrowed Securities or any related share certificates or other evidence of their Escrowed Securities for a period of 36 months beginning on the date of Listing (the "**Listing Date**"). The Escrowed Securities will be released in accordance with the terms of the Escrow Agreement as follows:

| **Release Dates** | **Number of Common Shares** |
|---|---|
| On the Listing Date | 10% of the Escrowed Securities |
| 6 months after the Listing Date | 15% of Escrowed Securities |
| 12 months after the Listing Date | 15% of Escrowed Securities |
| 18 months after the Listing Date | 15% of Escrowed Securities |
| 24 months after the Listing Date | 15% of Escrowed Securities |
| 30 months after the Listing Date | 15% of Escrowed Securities |
| 36 months after the Listing Date | Remaining Escrowed Securities |

## PRINCIPAL SECURITYHOLDERS

As at the date of this Prospectus, to the Company's knowledge, no person or company beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attaching to all issued and outstanding Common Shares save and except as set out below:

| **Shareholder** | **Number of Common Shares** | **Percentage Ownership** |
|---|---|---|
| PRH Co. Ltd.(1) | 28,950,000 | 30% |

Notes:
(1) A company beneficially owned and controlled by Chang Guk Kim.

## DIRECTORS AND EXECUTIVE OFFICERS

### Director and Executive Officer Profiles

The following table sets forth the name of each director and executive officer of the Company as at the date of this Prospectus, their province or state and country of residence, their position(s) and office(s) held with the Company, their principal occupation(s) during the preceding five years, the date they became a director or executive officer of the Company, if applicable, and the number and percentage of Common Shares they beneficially own, or control or direct, directly or indirectly.

| Name and Residence | Position(s) and Office(s) with the Company | Principal Occupation(s) During Past Five Years | Director and/or Officer Since | Number and Percentage of Common Shares Held |
|---|---|---|---|---|
| Doug Blakeway[(1)(2)(3)] *British Columbia, Canada* | Director | Director of Nanotech Security Corp. and Hakken Capital Corp. since 1984; Director of Hakken Capital Corp. since 2018; Director of Kanzen Capital Corp. from 2017 to 2018 | August 4, 2021 | Nil |
| Chang Guk Kim *Gwangju, Republic of Korea* | Chief Executive Officer and Director | Chief Executive Officer and director of PRC Since 2020, Director of Medicine at Maegokhanbang Hospital from 2017 to 2019, Hospital Director at Daedukmirae Hospital from 2003 to 2017 | April 21, 2021 | 33,360,000[(4)] |
| Jong in Park *Gyeonggi-do, Republic of Korea* | Director | Director of PRC Since 2018 | April 21, 2021 | Nil |
| Sean Peasgood[(1)(2)(3)] *British Columbia, Canada* | Director | President & CEO of Sophic Capital since 2013 | August 4, 2021 | Nil |
| Sean (Seyeon) Kim[(1)(2)(3)] *British Columbia, Canada* | Director | Project Manager of Columbia Capital Inc. since 2011 | April 21, 2021 | Nil |
| Nicole Martignago, CPA, CGA *British Columbia, Canada* | Chief Financial Officer | Controller, CPA of Greenlight Innovation Corp. since 2008 | August 4, 2021 | Nil |

Notes:

(1) Member of Audit Committee.
(2) Member of Compensation Committee.
(3) Member of Corporate Governance Committee.

(4) 28,950,000 Common Shares are held by PRH Co. Ltd., a company beneficially owned and controlled by Chang Guk Kim.

**Term of Office of Directors**

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Board.

**Aggregate Ownership of Securities**

To the Company’s knowledge as at the date of this Prospectus, its directors and executive officers as a group will beneficially own, or control or direct, directly or indirectly, 33,360,000 Common Shares, representing approximately 34.57% of the outstanding Common Shares on a non-diluted basis.

**Director and Executive Officer Biographies**

Below is a brief description of each of the directors and executive officers of the Company including: names; ages; positions and responsibilities; relevant background; principal occupations or employment during the five years preceding the date of this Prospectus; and relevant experience in the industry.

<u>Doug Blakeway, Director, Age 74</u>

Doug Blakeway expects to devote 10% of his time to the affairs of the Company. Mr. Blakeway is an independent contractor of the Company.

Doug Blakeway, as an entrepreneur, inventor, and investor for the past 40 years, has founded and operated internationally a number of successful companies from service-oriented firms to high technology electronic and wireless manufacturing organizations. He has extensive connections in the security and policing sectors and taught surveillance techniques at various Canadian and United States Law Enforcement Agencies. Mr. Blakeway has been a director of a number of public companies on the TSX Venture Exchange and a member of the board of directors of a number of companies including Nanotech Security Corp., Hakken Capital Corp, Transoft Solutions Inc., Canadian Listed Company Association, CMC Microsystems Inc., Wireless Industry Partnership Connector Inc. Mr. Blakeway has taken various courses over the past 50 years in management, accounting, bookkeeping, directorship (private and public companies, including corporate governance, audit, compensation and nominating committees), communication, harassment behaviour, electronics basic and advanced. Mr. Blakeway has participated as a SPAC Member of the BCSC for a term of 2 years and is the founding and current member of SFU advisory board. He is an entrepreneur in residence at the SFU Venture Connection, past associate member of the Society of Automotive Engineers, past member of the Executive Committee. He has founded over 20 successful companies (both private and public) over a diverse field (service, high tech electronic and software).

Mr. Blakeway has held the following positions in the last 5 years:

- Founder and past Chief Executive Officer, President, Chairman from 1984 to 2019 and presently current Director of Nanotech Security Corp. from 1984 to present. Mr. Blakeway oversaw all operations of the Company and its subsidiaries, with offices located in Burnaby, B.C., and remote locations of, Thurso, Quebec and Philadelphia Pennsylvania, USA. Nanotech is a Nano-technology-based security and branding company listed on the TSX-V.

- Director of Hakken Capital Corp. from October 2018 to present. Hakken is a CPC listed on the TSX-V and is presently looking for a reverse takeover qualifying traction to fulfil its mandate for listing requirements. It presently has no business and is evaluating several opportunities for its qualifying transaction.
- Director of Kanzen Capital Corp. from January 2017 to December 2018. Kanzen started as a TSX-V CPC and fulfilled its mandate of completing a qualifying transaction with a B.C. based Canadian Cannabis Company named “Geyser Brands Inc.”.

Mr. Blakeway has not entered into a non-competition or non-disclosure agreement with the Company.

Chang Guk Kim, Chief Executive Officer and Director, Age 52

Chang Guk Kim expects to devote 100% of his time to the affairs of the Company. Mr. Kim is an employee of the Company.

Mr. Kim is a licensed medical doctor. He has held the following positions in the last 5 years:

- Hospital Director at the Daedukmirae hospital from April 2003 to March 2017 in the Republic of Korea
- Director of Medicine at the Maegokhanbang hospital from December 2017 to August 2019 in the Republic of Korea
- CEO of PRC from February 2020 to present

Mr. Kim has not entered into a non-competition or non-disclosure agreement with the Company.

Jong in Park, Director, Age 63

Jong in Park expects to devote 100% of his time to the affairs of the Company. Mr. Park is an employee of the Company.

Mr. Park has extensive experience with WPT technology and holds Ph.D. in Electrical Engineering of Pusan National University in the Republic of Korea. He has been involved in developing RGV business for PRC and the Company for years. Prior to joining PRC, Mr. Park was the Director of Research at Chang-shin Infotel Co., Ltd., a business that developed security systems and manufactured finger recognition technology for access control. Chang-shin Infotel Co., Ltd. no longer exists.

Mr. Park has held the following positions in the last 5 years:

- Director of Research in Chang-shin Infotel Co., Ltd from August 2013 to May 2017
- Director of Research of PRC from March 2018 to present

Mr. Park has not entered into a non-competition or non-disclosure agreement with the Company.

Sean Peasgood, Director, Age 44

Sean Peasgood expects to devote 10% of his time to the affairs of the Company. Mr. Peasgood is an independent contractor of the Company.

Sean Peasgood, started his career as a sell-side Analyst where he covered cross border large cap technology stocks at CIBC World Markets. Following CIBC World Markets, he moved to a smaller boutique investment bank, Wellington West, where he was the lead technology and clean technology Analyst until the Company was bought by National Bank Financial. After over eight years on the sell-side he founded Sophic Capital, a capital markets advisory firm for micro and small cap growth companies. Mr. Peasgood has been the President of Sophic Capital since 2013. Mr. Peasgood has his Bachelors of Science (Honors) from McMaster University and his Masters of Business from St. Mary's University.

Mr. Peasgood has not entered into a non-competition or non-disclosure agreement with the Company.

Sean (Seyeon) Kim, Director, Age 41

Sean (Seyeon) Kim expects to devote 10% of his time to the affairs of the Company. Mr. Kim is an independent contractor of the Company.

Sean Kim was a project manager of Columbia Capital Inc. since June 2011 and has experiences in corporate operations, project management and analysis of private and public companies in Canada. He holds a Mater of Business Administration degree obtained in Canada and a Bachelor of Engineering obtained in the Republic of Korea. He has been involved in the listing process of the Company and became a director of the Company in April 2021.

Mr. Kim has not entered into a non-competition or non-disclosure agreement with the Company.

Nicole Martignago, CPA, CGA, Chief Financial Officer, Age 43

Nicole Martignago is an employee of the Company and expects to devote her time to the Company as required.

Nicole is an experienced corporate finance and accounting professional and is currently and has been the Controller of a Greenlight Innovation Corp., a technology manufacturing company since its inception 13 years ago. She holds a Chartered Professional Accountant designation, a Bachelor of Accounting Science from the University of Calgary, and a Diploma of Technology in Financial Management from the British Columbia Institute of Technology.

Ms. Martignago has not entered into a non-competition or non-disclosure agreement with the Company.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

None of the Company's directors or executive officers is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period or more than 30 consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such issuer, or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the Company's directors or executive officers, nor, to its knowledge, any Shareholder holding a sufficient number of its securities to affect materially the control of the Company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or Shareholder.

None of the Company's directors or executive officers, nor, to its knowledge, any Shareholder holding a sufficient number of its securities to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

To the best of the Company's knowledge, except as disclosed elsewhere in this Prospectus, the Company is not aware of any existing or potential material conflicts of interest between the Company and any of its directors or officers as of the date hereof. However, certain of the Company's directors and officers are, or may become, directors, officers or shareholders of other companies with businesses which may conflict with the Company's business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on the Company's behalf. See also "*Risk Factors – Risks Related to the Business – Conflicts of Interest*".

Pursuant to the BCBCA, directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company. Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will not take part in any board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will refrain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

See also "*Interest of Management and Others in Material Transactions*".

## DIRECTOR AND EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from the securities regulatory authority in British Columbia, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6V.

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. "Named Executive Officer" is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) the most highly compensated executive officer of the Company, including any of its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than $150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year.

As of the date of this Prospectus, the Company has the following Named Executive Officers (collectively, the “**Named Executive Officers**” or “**NEOs**”): Chang Guk Kim (Director & CEO) and Nicole Martignago (CFO).

**Compensation Governance**

The Company has not been a reporting issuer during any financial period to date. Future compensation to be awarded or paid to the Company's directors and/or executive officers, including Named Executive Officers, once the Company becomes a reporting issuer is expected to consist primarily of management fees, cash bonuses, stock options and other equity-based incentives. Payments may be made from time to time to executive officers, including Named Executive Officers, or companies they control for the provision of consulting or management services. Such services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers. The Company has a Stock Option Plan and has no Options or other incentive securities outstanding. The Company may issue additional Options pursuant to the Stock Option Plan in accordance with CSE policies upon completion of the Listing. See “*Options to Purchase Securities - Stock Option Plan*”.

In assessing the compensation of its directors and executive officers, including the Named Executive Officers, the Company does not have in place any formal objectives, criteria or analysis. Nonetheless, the Company has established a Compensation Committee who, among other things: (i) reviews the Company’s overall compensation program and philosophy and reports to the Board accordingly; (ii) makes recommendations to the Board with respect to compensation of executive officers other than the Chief Executive Officer; (iii) reviews and approves corporate goals and objectives relevant to the Chief Executive Officer; (iv) reviews the adequacy and form of compensation to directors; and (v) administers any incentive plans implemented by the Company in accordance with their respective terms. For more information see “*Statement of Corporate Governance – Other Board Committees – Compensation Committee*”. The Company has not established any specific performance criteria or goals to which total compensation or any significant element of total compensation to be paid to any Named Executive Officer is dependent. Named Executive Officers' performance is reviewed in light of the Company's objectives from time to time and such officers' compensation is also compared to that of executive officers of companies of similar size and stage of development in the Company’s industry. Though the Company does not have pre-existing specific performance criteria, objectives or goals, it is anticipated that, once the Company becomes a reporting issuer, the Board, in consultation with the Compensation Committee, will review all compensation arrangements and policies in place and consider the adoption of formal compensation guidelines.

**Compensation, excluding Options and Compensation Securities**

During the period from incorporation on April 23 2019 to December 31, 2019 and the year ended December 31, 2020, the Company had one Named Executive Officer: Su Ho Cho (Chief Executive Officer and Director). The Company did not have a Chief Financial Officer.

The following tables set out the compensation, excluding Options and compensation securities, paid to directors and individuals who were NEOs of PRC, PR Korea Co., Ltd. and PRTK for the years ended December 31, 2019 and December 31, 2020.

| -PRC- Table of Compensation Excluding Options and Compensation Securities | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Name and Principal Position** | **Year** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or meeting fees ($)** | | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total Compensation ($)** |
| Su Ho Cho *Former Chief Executive Officer and Former Director* | 2020 | $55,000 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | $55,000 | Nil | Nil | Nil | Nil | Nil | Nil |
| Sang Hoon Hwang *Former Director* | 2020 | $16,500 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | $80,520 | Nil | Nil | Nil | Nil | Nil | Nil |
| Im sik Jeong *Former Director* | 2020 | $55,000 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | $24,839 | Nil | Nil | Nil | Nil | Nil | Nil |
| Chang wook Choi | 2020 | $55,000 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | $67,210 | Nil | Nil | Nil | Nil | Nil | Nil |
| Jongin Park | 2020 | $44,917 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | $54,102 | Nil | Nil | Nil | Nil | Nil | Nil |

| **- PR Korea Co., Ltd.- Table of Compensation Excluding Options and Compensation Securities** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Name and Principal Position** | **Year** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or meeting fees ($)** | | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total Compensation ($)** |
| Su Ho Cho *Former Chief Executive Officer and Former Director* | 2020 | $5,500 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sang Hoon Hwang *Former Director* | 2020 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Im sik Jeong *Former Director* | 2020 | $5,500 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Chang wook Choi | 2020 | $5,500 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Jongin Park | 2020 | $5,042 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| -PRTK- Table of Compensation Excluding Options and Compensation Securities | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Name and Principal Position** | **Year** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or meeting fees ($)** | | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total Compensation ($)** |
| Su Ho Cho<br>*Former Chief Executive Officer and Former Director* | 2020 | $5,500 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sang Hoon Hwang<br>*Former Director* | 2020 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Im sik Jeong<br>*Former Director* | 2020 | $5,500 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Chang Wook Choi | 2020 | $5,500 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Jongin Park | 2020 | $5,042 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

The compensation set out above is based on current conditions in the Company’s industry and on the associated approximate allocation of time for the Named Executive Officers listed above and is subject in future to adjustments based on changing market conditions and corresponding changes to required time commitments. Following the Listing, the Company will review its compensation policies and may adjust them if warranted by factors such as market conditions.

**Stock Option Plan**

As of the date of this Prospectus, the Company has granted an aggregate of nil Options under the Stock Option Plan.

**External Management Companies**

The Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or directors and, other than as disclosed below, the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

**Employment, Consulting and Management Agreements**

As of the date hereof, the Company does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a director or Named Executive Officer's responsibilities.

**Pension Plan Benefits**

The Company does not anticipate having any deferred compensation plan or pension plan that provide for payments or benefits at, following or in connection with retirement.

**Director Compensation**

The Company has not paid any compensation to its directors, for their service as directors, since its incorporation. Any compensation to be paid to the directors of the Company after the date of Listing will be determined by the Board.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers or employees of the Company or former directors, executive officers or employees of the Company or its subsidiaries had any indebtedness outstanding to the Company or any of the subsidiaries as at the date hereof and no indebtedness of these individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of the subsidiaries as at the date hereof. Additionally, no individual who is, or at any time during the Company's last financial year was, a director or executive officer of the Company, proposed management nominee for director of the Company or associate of any such director, executive officer or proposed nominee is as at the date hereof, or at any time since the beginning of the Company's last financial year has been, indebted to the Company or any of its subsidiaries or to another entity where the indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, including indebtedness for security purchase or any other programs.

## AUDIT COMMITTEE

The Company has formed an Audit Committee comprised of Doug Blakeway (chair), Sean Peasgood and Seyeon Kim, all of whom are "financially literate" as defined in National Instrument 52-110 – Audit Committees ("**NI 52-110**"). Doug Blakeway and Sean Peasgood are considered "independent" pursuant to NI 52-110.

The Audit Committee provides assistance to the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. The external auditors of the Company report directly to the Audit Committee. Generally, the Audit Committee's primary duties and responsibilities include, without limitation: (i) reviewing and reporting to the Board on the annual audited financial statements (including the auditor's report thereon) and unaudited interim financial statements and any related management's discussion and analysis, if any, and other financial disclosure related thereto that may be required to be reviewed by the Audit Committee pursuant to applicable legal and regulatory requirements; (ii) overseeing the audit function, including engaging in required discussions with the Company's external auditor, reviewing a summary of the annual audit plan, overseeing the independence of the Company's external auditor, overseeing the Company's internal auditor, and pre-approving any non-audit services to the Company; (iii) reviewing with management and the Company's external auditors the integrity of the internal controls over financial reporting and disclosure; (iv) reviewing management reports related to legal or compliance matters that may have a material impact on the Company and the effectiveness of the Company's compliance policies; and (v) maintaining, reviewing and updating the Company's whistleblowing procedures.

The full text of the Audit Committee Charter is attached to this Prospectus as Schedule "J".

**Relevant Education and Experience**

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

For a summary of the experience and education of the Audit Committee members see "*Directors and Executive Officers – Director and Executive Officer Profiles*".

**Pre-Approval Policies and Procedures**

The Audit Committee Charter requires that the Audit Committee pre-approve the completion of any non-audit services by the external auditors and, with the assistance of the auditors, determine which non-audit services the external auditor is prohibited from providing. The Audit Committee may delegate to one or more members of the Audit Committee authority to pre-approve non-audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Audit Committee member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. The Audit Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Audit Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Audit Committee's responsibilities to management.

**Reliance on Certain Exemptions**

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, pursuant to which the Company is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

**External Auditor Service Fees by Category**

The fees billed by the Company's external auditors for the period from incorporation on April 23, 2019 to December 31, 2019 and the year ended December 31, 2020, and non-audit related services provided to the Company or its subsidiaries (if any) were as follows:

| Period | Audit Fees | Audit Related Fees(1) | Tax Fees(2) | All Other Fees(3) |
|---|---|---|---|---|
| Year Ended December 31, 2020 | $51,500 | $0 | $0 | $5,000 |
| Period from Incorporation on April 23, 2019 to December 31, 2019 | $0 | $0 | $0 | $0 |

Notes:
(1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
(2) Fees charged for tax compliance, tax advice and tax planning services.
(3) Fees for services other than disclosed in any other column.

## STATEMENT ON CORPORATE GOVERNANCE

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and Shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through any of its subcommittees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's business and affairs at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to ensuring that the Company has an effective corporate governance system, which adds value and assists the Company in achieving its objectives.

The Company's approach to corporate governance is set forth below.

## Mandate of the Board

In accordance with the Mandate of the Board of Directors, the Board is responsible for overseeing the exercise of corporate powers and ensuring that the Company’s business is managed to meet its corporate goals and objectives and that the long-term interests of the Shareholders are served.

In accordance with the Mandate of the Board of Directors, all Board members are expected to: (a) develop and maintain an understanding of the Company’s operations, strategies and industry within which the Company operates; (b) develop and maintain an understanding of the regulatory, legislative, business, social and political environment within which the Company operates; (c) develop and maintain familiarity with the officers of the Company; (d) attend Board and, if applicable, committee meetings regularly; (e) read advance materials prior to Board or committee meetings; (f) participate fully and actively in the discussions of the Board and any committee to which the individual belongs; (g) if absent from a meeting, keep up-to-date on discussions missed; (h) devote the necessary time and attention to Company issues in order to make informed decisions; (i) if requested, participate on Board committees; (j) remain knowledgeable of the Mandate of the Board of Directors and the mandate of the committee or committees of which the director is a member; and (k) participate in continuing director education.

The frequency of meetings of the Board and the nature of agenda items may change from year to year depending upon the activities of the Company. The Board intends to meet at least quarterly and at each meeting there is a review of the business of the Company.

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board being held to obtain an update on significant corporate activities and plans, both with and without members of the Company's management being in attendance.

## Composition of the Board

The Company's Board consists of five directors, two of whom are independent. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with the Company, as defined in National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company.

Of the directors of the Company, Doug Blakeway and Sean Peasgood are independent for the purposes of NI 58-101. Chang Guk Kim, Jong In Park and Seyeon Kim are not independent for the purposes of NI 58-101.

## Directorships

Some of the directors and proposed directors of the Company serve on the same boards of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. The following table lists the directors and proposed directors of the Company who serve on boards of directors of other reporting issuers (or the equivalent) and the identities of such reporting issuers (or the equivalent).

| Name of Director | Reporting Issuers (or the Equivalent) |
|---|---|
| Doug Blakeway | Nanotech Security Corp. (TSX-V: NTS)<br><br>Hakken Capital Corp. (TSX-V: HAAK.P) |
| Sean Kim | Kbridge Energy Corp. (OTCQB:BMMCF) |

See also "*Risk Factors – Risks Related to the Company – Conflicts of Interest*", *"Directors and Executive Officers – Conflicts of Interest" and "Interest of Management and Others in Material Transactions".*

The Board has determined that these inter-locking directorships do not adversely impact the effectiveness of these directors on the Board or create any potential for conflicts of interest. However, certain of the Company's directors are, or may become, directors, officers or shareholders of other companies with businesses which may conflict with the Company's business.

**Orientation and Education**

The Company has not yet established a formal orientation or education procedure for newly incoming directors. Nonetheless, both incoming directors and existing directors are asked to regularly review and become familiar with: (i) the Mandate of the Board of Directors; (ii) the Code of Conduct (defined below) (iii) the Mandate of Compensation Committee; (iv) the Mandate of the Corporate Governance Committee; and (v) the Corporate Communications & Insider Trading Policy. Additionally, Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records.

**Ethical Business Conduct**

The Company has adopted a written Code of Conduct, Whistleblower and Anti-Retaliation Policy effective as of August 4, 2021 (the "**Code of Conduct**") which emphasizes the importance of matters relating to honest and ethical conduct, conflicts of interest, confidentiality of corporate information, protection and proper use of corporate assets and opportunities, the maintenance of safe and healthy working conditions for all employees and third parties, social media responsibility, compliance with whistleblower and anti-retaliation principles, compliance with applicable laws, rules and regulations and the reporting of any illegal or unethical behaviour. The Code of Conduct further outlines how the Company expects its personnel to conduct themselves and do business on behalf of the Company so that the Company:

- maintain a work environment that respects each person's integrity and dignity;
- foster a standard of conduct that reflects positively on the Company, its employees and shareholders;
- comply with all laws and regulations that govern the Company's business activities; and
- protect the Company from unnecessary exposure to financial, reputational or any other kind of loss, damage or liability.

### Other Board Committees

In addition to the Audit Committee, the Board has established a Compensation Committee comprised of Doug Blakeway (Chair), Sean Peasgood and Seyeon Kim and a Corporate Governance Committee comprised of Doug Blakeway (Chair), Sean Peasgood and Seyeon Kim.

#### *Compensation Committee*

In accordance with the Mandate of the Compensation Committee, the Compensation Committee is, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally responsible for developing the approach of the Company for matters concerning human resources and compensation. Additionally, from time to time, the Compensation Committee will review and make recommendations to the Board as to such matters. Specifically, the Committee will endeavor to:

(a) review and report to the Board concerning the overall compensation program and philosophy;

(b) review and recommend to the Board the compensation program, remuneration levels and incentive plans and any changes therein for senior management, including the Chief Executive Officer;

(c) review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and either, as a Compensation Committee or together with the independent directors (as determined by the Board) determine and approve the Chief Executive Officer's compensation based on this evaluation;

(d) make recommendations to the Board with respect to compensation of executive officers other than the Chief Executive Officer and incentive compensation and equity-based plans that are subject to Board;

(e) review the adequacy and form of compensation to the directors ensuring it realistically reflects their responsibilities and risk; make recommendations to the Board;

(f) review annually and recommend for approval to the Board the executive compensation disclosure and “Report of the Compensation Committee” disclosure of the Company in its information circular;

(g) administer any incentive plans implemented by the Company, in accordance with their respective terms; and

(h) review executive officer compensation disclosure on an annual basis.

#### *Corporate Governance Committee*

The Corporate Governance Committee is, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally assume responsibility for developing the approach of the Company to matters concerning corporate governance and, from time to time, will review and make recommendations to the Board as to such matters. Specifically, the Corporate Governance Committee will endeavor to:

(a) periodically review the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Corporate Governance Committee believes are necessary or desirable;

(b) consider and, if thought fit, approve requests from directors or the committees of the engagement of special advisors from time to time;

(c) prepare and recommend to the board annually a statement of corporate governance practices to be included in the Company's annual report or information circular;

(d) review on a periodic basis the composition of the Board and ensure that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;

(e) assess periodically the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;

(f) establish criteria for potential candidates for Board membership;

(g) identify individuals qualified to become Board members, consistent with the desired criteria and maintain a list of potential candidates for Board membership and where appropriate, interviewing potential candidates for Board membership;

(h) retain and terminate any search firms used to identify director candidates, including sole authority to approve the search firms' fees and other retention terms;

(i) select, or recommend that the Board select, the director nominees for the next annual meeting of shareholders;

(j) develop and recommend to the Board a set of corporate governance guidelines applicable to the Company, as needed from time to time;

(k) oversee the evaluation of the Board and management;

(l) assist with the orientation and education program for new recruits to the Board;

(m) with the assistance or recommendations of management or outside consultants where appropriate, make recommendations to the Board regarding appointments of corporate officers and senior management; and

(n) assist with the establishment of a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting matters, auditing matters and matters set forth in the Company's Code of Conduct.

**Director Assessment**

The Board is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board as a whole, the individual committees of the Board, and the individual members of the Board and such committees with a view of ensuring that they are fulfilling their respective responsibilities and duties. On an ongoing basis, the Board assess the performance of the Board as a whole, the individual committees of the Board, and the individual members of the Board and such committees in order to satisfy itself that each is functioning effectively.

## RISK FACTORS

*An investment in the securities of the Company is speculative and involves a high degree of risk due to the nature of the Company's business. An investment in the Company's securities should only be made by persons who can afford the total loss of their investment. The following risks, as well as risks currently unknown to the Company, could adversely affect the Company's current or future business, operations, results, cash flows and financial condition and could cause future results, cash flows, financial condition, events or circumstances to differ materially from those currently expected, including the estimates and projections contained in this Prospectus. Prospective investors should carefully consider the risks described below and elsewhere in this Prospectus. The risks described below and elsewhere in this Prospectus do not purport to be an exhaustive summary of the risks affecting the Company and additional risks and uncertainties not currently known to the Company or not currently perceived as being material may have an adverse effect on the Company.*

*Please see "Management's Discussion and Analysis" for a description of additional risks affecting the Company.*

### Risk Relating to the Common Shares

#### *Market for the Common Shares and volatility of Common Share price*

There can be no assurance that an active trading market in the Company's Common Shares will be established or sustained. The market price for the Company's Common Shares could be subject to wide fluctuations. Factors such as interest rates, share price movements of peer companies and competitors, announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks as well as overall market movements, may have a significant adverse impact on the market price of the Common Shares. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

#### *Speculative nature of investment risk and no history of dividends*

An investment in the securities of the Company carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. Any decision to pay dividends on the Common Shares will be made by the Board on the basis of its earnings, financial requirements and other conditions.

#### *Additional funding and possibility of dilution*

The operation of the Company's business will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing Shareholders. As discussed in further detail below under the heading "*Risks Related to the Business - Insufficient capital and financing requirements*". The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing Shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs.

***CSE listing***

In the future, the Company may fail to meet the continued listing requirements for the Common Shares to be listed on the CSE. If the CSE delists the Common Shares from trading on its exchange, the Company could face significant material adverse consequences, including: a limited availability of market quotations for the Common Shares; a determination the Common Shares are a "penny stock" which will subject brokers trading in the Common Shares to more stringent rules and therefore, possibly result in a reduced level of trading activity in the secondary market for the Common Shares; a limited amount of news and analysts coverage for the Company; and a decreased ability to issue additional securities or obtain additional financing in the future.

**Risks Relating to the Business**

***Covid-19***

The novel coronavirus ("**COVID-19**") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

***Reliance on management***

The Company relies on key employees and staff members. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

***Operating History***

The Company has a limited history of operations. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of the Company's early stage of operations.

### *Negative operating cash flow*

The Company currently has a negative operating cash flow and may continue to have that for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations.

### *Insufficient capital and financing requirements*

The Company does not currently have any revenue producing products and may, from time to time report a working capital deficit. The Company will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to us and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all, may not obtain the capital required by other means. A failure to raise capital when needed would have a material adverse effect on the Business, and may require the Company to delay, limit, reduce, or cease operations. Any future issuance of Common Shares to raise required capital will likely be dilutive to shareholders. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the mining industry in particular), the Company's status as a new enterprise with a limited history, and/or the loss of key management personnel.

### *Development of the business of the Company*

The development of the Business and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

### *Management of Growth*

The Company initially intends to outsource its production to third party manufacturers. After achieving a certain level of sales, the Company plans to establish its own manufacturing facilities. The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### *Inability to protect intellectual property*

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. Third parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and expand its intellectual property portfolio. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its technology and brand may be harmed, which could have a material adverse effect on the Company's business and might prevent its technology and brad from achieving or maintaining market acceptance.

***Internal Controls***

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

***Breach of confidentiality***

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business form a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable measures, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

***Conflicts of Interest***

Certain of the Company's directors and officers also serve as directors and/or officers of other companies involved in in similar industries to the Company. Consequently, there is a possibility that a conflict could arise for such directors and officers. Any Company-related decision made by any of these directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith and to act in the best interests of the Company and its shareholders, however there can be no assurance that such conflicts will not adversely affect the Company.

***Legal claims and other contingencies***

There are no legal claims or proceedings filed against the Company. However, there is a possibility that the Company and its subsidiaries may become parties to lawsuits and claims arising in the ordinary course of business which could adversely affect the Business. Such lawsuits could result in significant costs and the outcome of such lawsuits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

***Difficult to forecast sales***

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition.

As at the date of this Prospectus, there are no formal agreements in place for the sale of the Company's products, which increases the risk inherent in the Company's financial projections. There is no guarantee that the Company will achieve sufficient sales revenue to sustain its operations.

***Industry risks***

Wireless power transmission technology is an advanced technology. The standardization of WPT technology and larger power transmission could be found to have a negative impact on the human body. This may affect the commercialization of WPT technology.

***Competition***

The Company will likely face intense competition from other companies, some of which have long operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in facilities and research and development to be able to compete on costs. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

***The Company's inability to innovate and increase efficiencies***

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

***Economic conditions in Korea***

PRTK, a subsidiary of the company in Korea, is incorporated in Korea and most of the Business is currently carried out in Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea. Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the ongoing trade disputes with Japan);
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- the occurrence of severe health epidemics in Korea and other parts of the world, such as the ongoing COVID-19 pandemic;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the Canadian dollar, U.S. dollar, Euro or Japanese Yen exchange rates or revaluation of the Chinese Yuan, as well as the impact from the United Kingdom's exit from the European Union on the value of Korean Won), interest rates, inflation rates or stock markets;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Korean government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- the economic impact of any pending free trade agreements or changes in existing free trade agreements; social and labor unrest;
- decreases in the market prices of Korean real estate;
- decrease in tax revenue coupled with a substantial increase in the Korean government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs that would lead to an increased Korean government budget deficit;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues at certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geo-political uncertainty and the risk of further attacks by terrorist groups around the world;

- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- increased reliance on exports to service foreign currency debts, which could cause friction with Korea's trading partners;
- the continued growth of the Chinese economy, to the extent its benefits (such as increased exports to China) are outweighed by its costs (such as competition in export markets or for foreign investment and the relocation of manufacturing bases from Korea to China);
- political or social tensions involving Russia and any resulting adverse effects on the global supply of oil or the global financial markets; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or North America.

***Foreign Currency Risk***

The Company is subject to foreign currency exchange risk which may negatively impact its competitiveness, net sales, net earnings and cash flow driven by movements of the Canadian dollar relative to other currencies. A weakening of the currencies in which the Company generates sales relative to the currencies in which costs are denominated may have a material adverse effect on the Company's net earnings and cash flow. The use of different currencies exposes the Company to the risk of foreign currency fluctuations, which are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may also affect the Company's ability to achieve sales growth. A weakening of foreign currencies in which the Company generates sales relative to the Canadian dollar would decrease its net sales. Accordingly, its reported net earnings may be negatively affected by changes in foreign exchange rates.

***Financial instability in other countries***

As most of the Business is currently carried out in Korea, the Company may be affected by the impact of financial instability in countries other than Korea. The Korean market and economy are influenced by economic and market conditions of other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Korean economy.

***Foreign Countries and Political Risk***

Most of the Business is carried out in Korea and the Company may expand operations into other foreign countries, where operating activities may be affected in varying degrees by political instability and changes in government regulations such as tax laws, business laws and environmental laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, consumer protection, income taxes and environmental legislation.

***Tensions with North Korea***

As most of the Business is currently carried out in Korea, the Company is subject to the impact of the tensions between the Republic of Korea and North Korea. Relations between the Republic of Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase or change abruptly as a result of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programs and increase uncertainty regarding North Korea's actions, particularly in light of possible response from the international community. There can be no assurance that the level of tension will not escalate further in the future.

## PROMOTERS

Chang Guk Kim, is or has been within the two years immediately preceding the date hereof, a promoter of the Company as he took the initiative in organizing certain aspects of the business of the Company when the Company was initially formed and with respect to the Reorganization. Please see "*Directors and Executive Officers*" for the number and percentage of each class of voting securities and equity securities of the Company beneficially owned, or controlled or directed, directly or indirectly by Chang Guk Kim.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, and no such proceedings or actions are known by the Company to be contemplated.

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or Shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus which has materially affected or is reasonably expected to materially affect the Company or any subsidiary of the Company.

## AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are MNP LLP with an office at 1500, 640 - 5th Avenue SW, Calgary, AB, T2P 3G4.

The registrar and transfer agent for the Common Shares is Endeavor Trust Corporation at its principal office in Vancouver, British Columbia.

## MATERIAL CONTRACTS

Except for material contracts entered into in the ordinary course of business, set out below are material contracts to which the Company or any of its subsidiaries are a party entered into prior to or since the date of incorporation of the Company and which still remain in effect and material to the Company. Copies of such material contracts will be filed with the Canadian securities regulatory authorities and will be available for review under the Company's profile on SEDAR at www.sedar.com.

1. the Escrow Agreement. See *"Escrowed Securities and Securities Subject to Contractual Restriction on Transfer"*; and

2. the Asset Transfer Agreement.

## EXPERTS

MNP LLP, the auditor of the annual financial statements of the Company and the audited annual Carve-Out Financial Statements included in this Prospectus, has advised the Company that it is independent of the Company in accordance with the Chartered Professional Accountants of British Columbia Code of Professional Conduct. Certain legal matters in respect of this Prospectus have been passed upon on behalf of the Company by DuMoulin Black LLP. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned partnerships (and their partners and associates) each beneficially own, directly or indirectly, in the aggregate, less than 1% of the outstanding securities of the Company.

## RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Province of British Columbia provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

However, in light of the fact that this Prospectus is being filed to allow the Company to become a reporting issuer in British Columbia, and not in connection with an offering of securities, the Company believes that the remedies described in the foregoing paragraph are not applicable to the transactions described in this Prospectus.

## OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Company that are not disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Company.

**SCHEDULE "A"**

**AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEARS ENDED DECEMBER 31, 2020 AND FOR THE PERIOD FROM INCORPORATION ON APRIL 23, 2019 TO DECEMBER 31, 2019**

(See attached)

# PR Technology Inc.
## Financial Statements
For the year ended December 31, 2020 and the
period from April 23, 2019 (date of incorporation) to December 31, 2019

# Independent Auditor's Report

To the Board of Directors of PR Technology Inc.:

## Opinion

We have audited the financial statements of PR Technology Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year ended December 31, 2020 and for the period from April 23, 2019 (date of incorporation) to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and for the period from April 23, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had negative cash flows from operations and a net loss during the year ended December 31, 2020 and, as of that date, had a negative working capital balance. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Calgary, Alberta

Chartered Professional Accountants

# PR Technology Inc.
## Statements of Financial Position
*As at December 31,*

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current** | | | | |
| Cash | **$** | **1,774** | $ | 1,052 |
| **Total assets** | **$** | **1,774** | $ | 1,052 |
| **Liabilities** | | | | |
| **Current** | | | | |
| Accounts payable and accruals | **$** | **6,500** | $ | 1,000 |
| Note payable *(Note 5)* | | **2,000** | | - |
| Due to related party *(Note 6)* | | **1,000** | | 1,000 |
| **Total liabilities** | **$** | **9,500** | $ | 2,000 |
| **Shareholders' Deficiency** | | | | |
| Share capital *(Note 7)* | **$** | **100** | $ | 100 |
| Deficit | | **(7,826)** | | (1,048) |
| Total shareholders' deficiency | | **(7,726)** | | (948) |
| **Total liabilities and shareholders' deficiency** | **$** | **1,774** | $ | 1,052 |

**Going concern** *(Note 1)*

**Subsequent event** *(Note 11)*

**Approved on behalf of the Board of Directors**

*"Sean (Seyeon) Kim"* — **Director**

*"Chang Guk Kim"* — **Director**

# PR Technology Inc.
## Statements of Loss and Comprehensive Loss
For the year ended December 31, 2020 and
the period from April 23, 2019 (date of incorporation) to December 31, 2019

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Expenses:** | | | | |
| Professional fees | **$** | **6,500** | $ | 1,000 |
| General and administrative | | **278** | | 48 |
| | | **6,778** | | 1,048 |
| **Net loss and comprehensive loss** | **$** | **(6,778)** | $ | (1,048) |
| **Net loss per share** | | | | |
| Basic and diluted | **$** | **(67.78)** | $ | (15.19) |
| **Weighted average number of shares** *(Note 7)* | | | | |
| Basic and diluted | | **100** | | 69 |

*The accompanying notes are an integral part of these financial statements*

| | Share Capital ($) | Deficit ($) | Shareholders' Deficiency ($) |
|---|---|---|---|
| As at April 23, 2019 | - | - | - |
| Shares issued | 100 | - | 100 |
| Net loss | - | (1,048) | (1,048) |
| As at December 31, 2019 | 100 | (1,048) | (948) |
| Net loss | - | (6,778) | (6,778) |
| **As at December 31, 2020** | **100** | **(7,826)** | **(7,726)** |

## PR Technology Inc.
### Statements of Cash Flows
For the year ended December 31, 2020 and
the period from April 23, 2019 (date of incorporation) to December 31, 2019

| | | | | |
|---|---|---|---|---|
| **Cash provided by the following activities:** | | | | |
| **Operating activities** | | **2020** | | 2019 |
| Net loss | **$** | **(6,788)** | $ | (1,048) |
| Change in non-cash working capital: | | | | |
| Accounts payable and accruals | | **5,500** | | 1,000 |
| Cash flows used in operating activities | | **(1,278)** | | (48) |
| **Financing activities:** | | | | |
| Issuance of convertible note | **$** | **-** | $ | 100 |
| Issuance of convertible note *(Note 5)* | | **100,000** | | - |
| Payment of convertible note *(Note 5)* | | **(100,000)** | | - |
| Issuance of note payable *(Note 5)* | | **2,000** | | - |
| Advances from related party *(Note 6)* | | **2,000** | | 1,000 |
| Advances to related party *(Note 6)* | | **(2,000)** | | - |
| Cash flows provided by in financing activities | | **2,000** | | 1,100 |
| **Increase in cash** | | **722** | | 1,052 |
| **Cash, beginning of period** | | **1,052** | | - |
| **Cash, end of period** | **$** | **1,774** | $ | 1,052 |

*The accompanying notes are an integral part of these financial statements*

## 1. Incorporation and operations

PR Technology Inc. (the "Company") was incorporated on April 23, 2019, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction to facilitate a Canadian public listing.

The head office and registered office of the Company is located at 1001, 1166 Alberni St., Vancouver British Columbia, V6E 3Z3.

***Going concern***

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2020, the Company has a negative working capital balance of $7,726 (2019 - $948), and for the year then ended, negative cash flows from operations of $1,278 (2019 - $48) and a net loss of $6,778 (2019 - $1,048). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing to meet obligations as they come due. The ability of the Company to be successful in obtaining financing cannot be predicted at the present time. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

## 2. Basis of preparation

***Statement of compliance***

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect on January 1, 2020. These are the first financial statements of the Company prepared under IFRS.

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March •, 2021.

***Basis of measurement***

These financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

## 2. Basis of preparation *(continued)*

***Use of estimates and judgments***

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

## 3. Significant accounting policies

***Cash***

Cash consists of bank balances that are readily convertible into cash.

***Taxes***

Tax expense comprises current and deferred tax. Tax is recognized in the statement of net loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

*Current tax*

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred tax*

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

***Financial Instruments***

***Classification and measurement of financial instruments***

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Company does not employ hedge accounting for its risk management contracts currently in place.

## 3. Significant accounting policies *(continued)*

***Amortized cost***

The Company classifies its cash, accounts payable and accruals, note payable and due to related party as measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

***Impairment of financial assets***

The measurement of impairment of financial assets is based on expected credit losses. Accounts receivable that are considered collectible within one year or less are not considered to have a significant financing component and a lifetime expected credit loss (“ECL”) is measured at the date of initial recognition of the receivable.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates as well as credit ratings of major customers. The Company does not currently have any financial assets subject to this approach.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**Accounting standard adopted**

Business Combinations – Effective January 1, 2020, the Company has adopted amendments defining a business from IFRS 3 – Business Combinations. The amendments are intended to provide additional guidance to determine if a transaction should be recorded as a business combination or an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess if an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

To be considered a business under the amendments to IFRS 3, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The optional concentration test permits a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. An entity may elect to apply or not apply, the test. An entity may make such an election separately for each transaction or other event.

The adoption of these amendments did not have any impact on the financial statements of the Company.

### 4. Significant accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

**Estimates**

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

**Judgments**

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgment as to the purpose of the financial instrument and to which category is most applicable.

## 5. Note payable

The note payable is due to the Company's capital advisory firm and is repayable on demand, unsecured and bears no interest.

On January 7, 2020, the Company issued a convertible debenture to the capital advisory firm and received cash proceeds of $100,000. The convertible debenture was unsecured, matures January 7, 2023 (the "Maturity Date") and bore interest of 5% per annum. In the event the Company does not repay the convertible debenture by the Maturity Date, the convertible debenture will be converted into shares of the Company at a conversion price of 80% of the initial public offering ("IPO") if the Company is successful in completing and IPO but not less than $0.05. During April 2020, the Company and the capital advisory firm agreed to terminate the agreement and the $100,000 was repaid. No interest was required to be paid for the three months the convertible debenture was outstanding.

## 6. Due to related party

The due to related party represents the net cash receipts during the year ended December 31, 2020 and the period from April 23, 2019 to December 31, 2019 and are repayable on demand, unsecured and bear no interest. The related party advances that occurred were conducted with a director and shareholder of the Company.

There have been no transactions with key management which the Company defines as the president and the chief financial officer.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

## 7. Share capital

Authorized:

Unlimited number of voting Common Shares

Issued: Common Shares

| | Number of Shares | $ |
|---|---|---|
| Issued, April 23, 2019 on incorporation | **100** | **100** |
| As at December 31, 2020 and 2019 | **100** | **100** |

## 8. Taxes

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the net loss before taxes. The reasons for the difference are as follows:

| | | **2020** | | 2019 |
|---|---|---|---|---|
| Net loss before taxes | **$** | **(6,778)** | $ | (1,048) |
| Statutory tax rate | | **27%** | | 27% |
| Expected tax recovery | | **(1,830)** | | (283) |
| Tax asset not recognized | | **1,830)** | | 283 |
| Tax recovery | **$** | **-** | $ | - |

The Company has gross timing differences of approximately $7,800 (2019 - $1,000) related to non-capital loss carryforwards. The Company's loss carry-forward balance is available to reduce future years' income for tax purposes. These losses, if not fully utilized, will commence to expire in 2039.

## 9. Capital disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at year-end.

## 10. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable and accruals, note payable and due to related party. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

### Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash, account payable and accruals, note payable and due to related party approximates its fair value due to the short-term maturities of these items.

## 10. Financial instruments *(continued)*

### Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as its cash is held with a major Canadian financial institution.

### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had a cash balance of $1,774 (2019 - $1,052) to pay liabilities of $9,500 (2019 - $2,000) and will therefore need to seek sources of cash inflows to meet obligations as they come due.

### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

The Company has cash balances and no interest-bearing debt.

ii. Foreign currency risk

The Company does not have assets or liabilities in foreign currency.

iii. Commodity risk

The Company is not exposed to commodity price risk.

## 11. Subsequent events

On April 30, 2021, PR Technology Inc. (the “Company”) entered into an Asset Transfer Agreement (the “Agreement”) with Power Republic Corp. (“PR”) and PR Korea Co., Ltd. (“PR Korea”) (together “PR Group”) in which the Company will receive certain assets from the PR Group (the “Transaction”). The PR Group is related to the Company as PR Korea is the parent company of the Company and PR is the parent company of PR Korea.

According to the Agreement, PR Korea transferred cash of $1.5 million and certain intangible assets relating to the wireless power transfer technology (the “Assets”) including the shares of its wholly own subsidiary, PRT Korea Co. Ltd. (“PRT Korea”), to the Company in exchange for 96,480,000 common shares of the Company being issued to the shareholders of PR. The Assets consist of various patents and intellectual property relating to wireless power transfer technology having an approximate fair value of $3.2 million with a carrying value of approximately $1.3 million. The transfer of assets was considered as a common control transaction for accounting purposes and recorded at the carrying value of approximately $1.3million. As part of the agreement, no liabilities are being assumed by the Company.

On May 27th, 2021, the Company entered into a subscription agreement with Columbia Capital Inc. and issued a subscription receipt certificate to Columbia Capital Inc., as an advisory success fee, (i) 5% of the issued and outstanding shares of the Company, which is expected to be 4,824,000 shares and (ii) a purchase option to acquire another 4,824,000 shares exercisable for a period of two years from the listing date at an exercise price equal to the greater of the market closing price on the first day of trading or the 15-day average closing price on the first 15 calendar days, starting from the first day of trading.

**SCHEDULE "B"**

**MD&A FOR THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2020**

(See attached)

# PR TECHNOLOGY INC.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## YEAR ENDED DECEMBER 31, 2020

## (EXPRESSED IN CANADIAN DOLLARS)

The Management Discussion and Analysis ("MD&A"), prepared December 31, 2020, should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2020 and the period from April 23, 2019 (date of incorporation) to December 31, 2019 of PR Technology Inc. ("PRT" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted.

**FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

**DESCRIPTION OF BUSINESS**

PR Technology Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporation Act (British Columbia) on April 23, 2019. The principal business of the Company will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, or by any concomitant transaction to facilitate a Canadian public listing. The head office and registered office of the Company is located at 1001, 1166 Alberni St., Vancouver British Columbia, V6E 3Z3.

The Company has not commenced active operations and has no assets other than cash held in its bank account. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

## SELECTED FINANCIAL INFORMATION

The following table provides a brief summary of the Company's financial operations:

| | December 31st | |
|---|---|---|
| **Financial Position** | 2020 | 2019 |
| Total current assets | $ 1,774 | $ 1,052 |
| Total current liabilities | 9,500 | 2,000 |
| Shareholder's deficiency | (7,726) | (948) |
| | | |
| **Loss & Comprehensive Loss** | 2020 | 2019 |
| Expenses | $ 6,778 | $ 1,048 |
| Net loss and comprehensive loss | (6,778) | (1,048) |
| Net loss per share (Basic & diluted) | (67.78) | (15.19) |
| | | |
| **Operating activities** | 2020 | 2019 |
| Net loss | $ (6,788) | $ (1,048) |
| Change in non-cash working capital: | | |
| Accounts payable and accruals | 5,500 | 1,000 |
| Cash flows used in operating activities | (1,278) | (48) |

## RESULTS OF OPERATIONS

As of December 31, 2020, the Company has a negative working capital balance of $7,726 (2019 - $948), and for the year then ended, negative cash flows from operations of $1,278 (2019 - $48) and a net loss of $6,778 (2019 - $1,048). Also, the Company incurred a loss of $6,778 compared to a loss of $1,048 for the period from April 23, 2019 (date of incorporation) to December 31, 2019. During the year ended December 31, 2020, the Company had professional fees of $6,500 (2019 - $1,000), general and administrative expenses of $278 (2019 - $48).

As of December 31, 2020, the only assets of the Company are cash on hand of $1,774. The activities have been restricted to the incurrence of $6,500 in professional fees and $3,000 of which remain in current liabilities at December 31, 2020 ($1,000 at December 31, 2019).

## DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized:

Unlimited number of voting Common Shares

Issued: Common Shares

| | Number of Shares | $ |
|---|---|---|
| Issued, April 23, 2019 on incorporation | 100 | 100 |
| As at December 31, 2020 and 2019 | 100 | 100 |

The Company issued a total of 100 common shares to Power Republic Corp. in Korea at a price of $1.00 per share when the Company was incorporated on April 23rd, 2019. Then, Power Republic Corp., transferred its entire shares of the Company to PR Korea Co., Ltd in Korea on December 3rd, 2020, and PR Korea Co. is the only shareholder of the Company as of December 31st, 2020. In May 2021, PR Korea Co. surrendered its 100 shares of the Company pursuant to the asset transfer agreement between the Company and PR Korea Co and the Company issued new shares to existing shareholders of Power Republic Corp. in Korea in exchange for the assets held by PR Korea Co.

## SUMMARY OF QUARTERLY RESULTS

The Company has not previously prepared quarterly financial information.

## LIQUIDITY AND CAPITAL RESOURCES

As at of December 31, 2020, the Company had cash of $1,774.

## OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2020, the Company had no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

The due to related party represents the net cash receipts during the year ended December 31, 2020, and the period from April 23, 2019 to December 31, 2019 and are repayable on demand, unsecured and bear no interest. The related party advances that occurred were conducted with a director and shareholder of the Company.

There have been no transactions with key management which the Company defines as the president and the chief financial officer.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

## PROPOSED TRANSACTIONS

As at December 31st, 2020, there were no proposed transactions with the Company.

## CRITICAL ACCOUNTING ESTIMATES & CHANGES IN ACCOUNTING POLICIES

The Company's significant accounting policies are disclosed in the audited financial statements and notes thereto for the year ended December 31, 2020, and the period from April 23, 2019 (date of incorporation) to December 31, 2019.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable and accruals, note payable and due to related party. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed in the audited financial statements and notes thereto for the year ended December 31, 2020 and the period from April 23, 2019 (date of incorporation) to December 31, 2019.
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## RISKS AND UNCERTAINTIES

The Company has a limited history of existence. There can be no assurance that the Company will be able to obtain adequate financing to continue. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

a) the Company has had no business activity and has not acquired any material assets since its inception other than cash.

b) the Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of significant transactions.

c) There can be no assurance that the Company will be able to identify a suitable business transaction.

d) even if a proposed transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction.

e) the proposed transaction is to be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Company.

f) the success of the Company is dependent upon the efforts and abilities of its management team and the loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

## SCHEDULE "C"

## UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE THREE MONTHS ENDED MARCH 31, 2021

(See attached)

# PR Technology Inc.

## Condensed Interim Financial Statements

For the three-month period ended March 31, 2021
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

# PR Technology Inc.
## Condensed Interim Statements of Financial Position
*(Expressed in Canadian Dollars)*
*(Unaudited)*
*As at:*

| | | March 31, 2021 | | December 31, 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current** | | | | |
| Cash | $ | 63,116 | $ | 1,774 |
| GST receivable | | 7,435 | | - |
| Prepaid expenses | | 10,000 | | - |
| **Total assets** | $ | 80,551 | $ | 1,774 |
| **Liabilities** | | | | |
| **Current** | | | | |
| Accounts payable and accruals | $ | 80,131 | $ | 6,500 |
| Note payable *(Note 5)* | | 2,000 | | 2,000 |
| Due to related parties *(Note 6)* | | 163,400 | | 1,000 |
| **Total liabilities** | $ | 245,531 | $ | 9,500 |
| **Shareholders' Deficiency** | | | | |
| Share capital *(Note 7)* | $ | 100 | $ | 100 |
| Deficit | | (165,080) | | (7,826) |
| Total shareholders' deficiency | | (164,980) | | (7,726) |
| **Total liabilities and shareholders' deficiency** | $ | 80,551 | $ | 1,774 |

**Nature of operations and going concern** *(Note 1)*

**Subsequent event** *(Note 10)*

**Approved on behalf of the Board of Directors**

*"Sean (Seyeon) Kim"* — **Director**

*"Chang Guk Kim"* — **Director**

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

## PR Technology Inc.
### Condensed Interim Statements of Loss and Comprehensive Loss
*(Expressed in Canadian Dollars)*
*(Unaudited)*
*For the three-month periods ended March 31, 2021 and 2020:*

| | | March 31, 2021 | | March 31, 2020 |
|---|---|---|---|---|
| **Expenses:** | | | | |
| General and administrative | **$** | **75** | $ | 42 |
| Professional fees | | **157,179** | | - |
| | | **157,254** | | 42 |
| **Net loss and comprehensive loss** | **$** | **(157,254)** | $ | (42) |
| **Net loss per share** | | | | |
| Basic and diluted | **$** | **(1,572.54)** | $ | (0.42) |
| **Weighted average number of shares** | | | | |
| Basic and diluted | | **100** | | 100 |

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

# Condensed Interim Statements of Changes in Shareholders' Deficiency

*(Expressed in Canadian Dollars)*
*(Unaudited)*

| | Capital Stock | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Number of common shares** | | **Share Capital** | | **Deficit** | | **Shareholders' Deficiency** |
| As at December 31, 2019 | 100 | $ | 100 | $ | (1,048) | $ | (948) |
| Net loss | - | | - | | (42) | | (42) |
| **As at March 31, 2020** | **100** | **$** | **100** | **$** | **(1,090)** | **$** | **(990)** |

| | Capital Stock | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Number of common shares** | | **Share Capita** | | **Deficit** | | **Shareholders' Deficiency** |
| As at December 31, 2020 | 100 | $ | 100 | $ | (7,826) | $ | (7,726) |
| Net loss | - | | - | | (157,254) | | (157,254) |
| **As at March 31, 2021** | **100** | **$** | **100** | **$** | **(165,080)** | **$** | **(164,980)** |

## PR Technology Inc.
### Condensed Interim Statements of Cash Flows
*(Expressed in Canadian Dollars)*
*(Unaudited)*
*For the three-month periods ended March 31, 2021 and 2020*

| | | March 31, 2021 | | March 31, 2020 |
|---|---|---|---|---|
| **Cash provided by the following activities:** | | | | |
| **Operating activities** | | | | |
| Net loss | **$** | **(157,254)** | $ | (42) |
| Change in non-cash working capital: | | | | |
| GST receivable | | **(7,435)** | | - |
| Prepaid expenses | | **(10,000)** | | - |
| Accounts payable and accruals | | **73,631** | | - |
| Cash flows used in operating activities | | **(101,058)** | | (42) |
| **Financing activities:** | | | | |
| Advances from related party | | **162,400** | | 143,000 |
| Cash flows provided by in financing activities | | **162,400** | | 143,000 |
| **Increase in cash** | | **61,342** | | 142,958 |
| **Cash, beginning of period** | | **1,774** | | 1,052 |
| **Cash, end of period** | **$** | **63,116** | $ | 144,010 |

| | | | | |
|---|---|---|---|---|
| **Cash paid for:** | | | | |
| Interest | **$** | **-** | $ | - |
| Income tax | **$** | **-** | $ | - |

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

## 1. Nature of operations and going concern

PR Technology Inc. (the "Company") was incorporated on April 23, 2019, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction to facilitate a Canadian public listing.

The head office and registered office of the Company is located at 1001, 1166 Alberni St., Vancouver British Columbia, V6E 3Z3.

***Going concern***

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of March 31, 2021, the Company has a negative working capital balance of $164,980 (December 31, 2020 - $7,726), and for the three-month period then ended, cash flows used in operations of $101,058 (2020 - $42) and a net loss of $157,254 (2019 - $42). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing to meet obligations as they come due. The ability of the Company to be successful in obtaining financing cannot be predicted at the present time. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

## 2. Basis of preparation

***Statement of compliance***

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company's financial statements for the year ended December 31, 2020.

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on August 4, 2021.

## 2. Basis of preparation *(continued)*

***Basis of measurement***

These financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

***Use of estimates and judgments***

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

## 3. Significant accounting policies

The accounting policies set out in the audited financial statements for the year ended December 31, 2020 have been applied consistently to all periods presented in these condensed interim financial statements.

## 4. Significant accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

There are no new accounting estimates and judgements for the three month period ended March 31, 2021 other than those previously disclosed in the annual financial statements for the year ended December 31, 2020.

## 5. Note payable

| | **March 31, 2021** | December 31, 2020 |
|---|---|---|
| Note payable | **$ 2,000** | $ 2,000 |

The note payable is due to the Company's capital advisory firm and is repayable on demand, unsecured and bears no interest.

(Expressed in Canadian Dollars)

## 6. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

There have been no transactions with key management other than the amounts due, as described below.

Due to related parties:

| | | March 31, 2021 | | December 31, 2020 |
|---|---|---|---|---|
| Due to shareholder and director | **$** | **1,000** | $ | 1,000 |
| Due to related company | | **162,400** | | - |
| | **$** | **163,400** | $ | 1,000 |

The amounts due to related parties are due on demand, unsecured and bear no interest.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

## 7. Share capital

Authorized:
Unlimited number of voting Common Shares

There were no share capital transactions during the three-months ended March 31, 2021, or the year ended December 31, 2020.

## 8. Capital management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements. There have been no changes to the Company's capital management during the period.

## 9. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable and accruals, note payable and due to related parties. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

### Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash, account payable and accruals, note payable and due to related party approximates its fair value due to the short-term maturities of these items.

### Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as its cash is held with a major Canadian financial institution.

### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had a cash balance of $63,116to pay liabilities of $245,531, and will therefore need to seek sources of cash inflows to meet obligations as they come due.

### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

The Company has cash balances and no interest-bearing debt.

ii. Foreign currency risk

The Company does not have assets or liabilities in foreign currency.

iii. Commodity risk

The Company is not exposed to commodity price risk.

## 10. Subsequent events

On April 30, 2021, PR Technology Inc. (the “Company”) entered into an Asset Transfer Agreement (the “Agreement”) with Power Republic Corp. (“PR”) and PR Korea Co., Ltd. (“PR Korea”) (together “PR Group”) in which the Company will receive certain assets from the PR Group (the “Transaction”). The PR Group is related to the Company as PR Korea is the parent company of the Company and PR is the parent company of PR Korea.

According to the Agreement, PR Korea transferred cash of $1.5 million and certain intangible assets relating to the wireless power transfer technology (the “Assets”) including the shares of its wholly own subsidiary, PRT Korea Co. Ltd. (“PRT Korea”), to the Company in exchange for 96,480,000 common shares of the Company being issued to the shareholders of PR. The Assets consist of various patents and intellectual property relating to wireless power transfer technology having an approximate fair value of $3.2 million with a carrying value of approximately $1.3 million. The transfer of assets was considered as a common control transaction for accounting purposes and recorded at the carrying value of approximately $1.3million. As part of the agreement, no liabilities are being assumed by the Company.

On May 27th, 2021, the Company entered into a subscription agreement with Columbia Capital Inc. and issued a subscription receipt certificate to Columbia Capital Inc., as an advisory success fee, (i) 5% of the issued and outstanding shares of the Company, which is expected to be 4,824,000 shares and (ii) a purchase option to acquire another 4,824,000 shares exercisable for a period of two years from the listing date at an exercise price equal to the greater of the market closing price on the first day of trading or the 15-day average closing price on the first 15 calendar days, starting from the first day of trading.

**SCHEDULE “D”**

**MD&A FOR UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE THREE MONTHS ENDED MARCH 31, 2021**

(See attached)

# PR TECHNOLOGY INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## THREE-MONTHS ENDED MARCH 31, 2021

## (EXPRESSED IN CANADIAN DOLLARS)

The Management Discussion and Analysis ("MD&A"), is prepared as of August 4, 2021 and should be read in conjunction with the unaudited financial statements for the period ended March 31, 2021 and the audited financial statements and notes thereto for the year ended December 31, 2020 and the period from April 23, 2019 (date of incorporation) to December 31, 2019 of PR Technology Inc. ("PRT" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

**FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

**DESCRIPTION OF BUSINESS**

PR Technology Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporation Act (British Columbia) on April 23, 2019. The principal business of the Company will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, or by any concomitant transaction to facilitate a Canadian public listing. The head office and registered office of the Company is located at 1001, 1166 Alberni St., Vancouver British Columbia, V6E 3Z3.

The Company has not commenced active operations and has no assets other than cash held in its bank account. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

**SELECTED FINANCIAL INFORMATION**

The following table provides a brief summary of the Company's financial operations:

| | March 31, 2021 | December 31, 2020 |
|---|---|---|
| **Financial Position** | | |
| Total current assets | $ 80,551 | $ 1,774 |
| Total current liabilities | $ 245,531 | $ 9,500 |
| Shareholder's deficiency | $ (164,980) | $ (7,726) |

| | Three months ended March 31, 2021 | Three months ended March 31, 2020 |
|---|---|---|
| **Loss & Comprehensive Loss** | | |
| Expenses | $ 157,254 | $ 42 |
| Net loss and comprehensive loss | $ (157,254) | $ (42) |
| Net loss per share (Basic & diluted) | $ (1,572.54) | $ (0.42) |

| | Three months ended March 31, 2021 | Three months ended March 31, 2020 |
|---|---|---|
| **Operating activities** | | |
| Net loss | $ (157,254) | $ (42) |
| Change in non-cash working capital: | $ 56,196 | - |
| Cash flows used in operating activities | $ (101,058) | $ (42) |

**SUMMARY OF QUARTERLY RESULTS**

The Company has not previously prepared quarterly financial information.

**RESULTS OF OPERATIONS**

As of March 31, 2021, the Company has a negative working capital balance of $164,980 (December 31, ,2020 – $7,726), and for the three months then ended, cash flows used in operations of $101,058 (2020 - $42) and a net loss of $157,254 (2020 - $42). The increased loss is primarily due to professional fees of $157179 (2020 - $Nil).

As of March 31, 2021, the only assets of the Company are cash on hand of $63,116 (December 31, 2020 - $1,774), GST receivable of $7,435 (December 31, 2020 - $Nil), and prepaid expenses of $10,000 (December31, 2020 - $Nil). The activities have been restricted to the incurrence of fees, as well as a related party advance of $162,400.

## DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized:

Unlimited number of voting Common Shares

Issued: Common Shares

| | As at March 31, 2021 | As at August 4. 2021 |
|---|---|---|
| Number of common shares | 100 | 96,480,000 |

The Company issued a total of 100 common shares to Power Republic Corp. in Korea at a price of $1.00 per share when the Company was incorporated on April 23rd, 2019. Then, Power Republic Corp., transferred its entire shares of the Company to PR Korea Co., Ltd in Korea on December 3rd, 2020, and PR Korea Co. is the only shareholder of the Company as of December 31st, 2020. In May 2021, PR Korea Co. surrendered its 100 shares of the Company pursuant to the asset transfer agreement between the Company and PR Korea Co and the Company issued new shares to existing shareholders of Power Republic Corp. in Korea in exchange for the assets held by PR Korea Co.

## LIQUIDITY AND CAPITAL RESOURCES

As at of March 31, 2021, December 31, 2020, the Company had cash of $63,116 (December 31, 2020 - $1,774).

## OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2021, the Company had no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

There have been no transactions with key management other than the amounts due, as described below.

Due to related parties:

| | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Due to shareholder and director | $ 1,000 | $ 1,000 |
| Due to related company - PR Korea Co., Ltd | 162,400 | - |
| | $ 163,400 | $ 1,000 |

The amounts due to related parties are due on demand, unsecured and bear no interest.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

## PROPOSED TRANSACTIONS

As at December 31st, 2020, there were no proposed transactions with the Company, other than those discussed in the "Subsequent Events" note of the financial statements as at, and for the period ended March 31, 2021.

## CRITICAL ACCOUNTING ESTIMATES & CHANGES IN ACCOUNTING POLICIES

The Company's significant accounting policies are disclosed in the audited financial statements and notes thereto for the year ended December 31, 2020 and the period from April 23, 2019 (date of incorporation) to December 31, 2019.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable and accruals, note payable and due to related parties. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

## RISKS AND UNCERTAINTIES

The Company has a limited history of existence. There can be no assurance that the Company will be able to obtain adequate financing to continue. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

a) the Company has had no business activity and has not acquired any material assets since its inception other than cash;

b) the Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of significant transactions.

c) There can be no assurance that the Company will be able to identify a suitable business transaction.

d) even if a proposed transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;

e) the proposed transaction is to be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;

f) the success of the Company is dependent upon the efforts and abilities of its management team and the loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

**SCHEDULE "E"**

**AUDITED CARVE-OUT FINANCIAL STATEMENTS OF THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2020 AND UNAUDITED CARVE-OUT FINANCIAL STATEMENTS OF THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2019**

(See attached)

# Carve-Out Financial Statements

## Power Republic Corp.

***For the years ended December 31, 2020 and 2019***

***Stated in Canadian Dollars***

# Independent Auditor’s Report

To the Directors of Power Republic Co., Ltd.:

## Opinion

We have audited the carve-out financial statements of Power Republic Co., Ltd. (the "Company"), which comprise the carve-out statements of financial position as at December 31, 2020, and the carve-out statements of loss and comprehensive loss, net investment and cash flows for the year then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the wireless power transfer technology (the “Patents”), a carve-out business of the Company as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Carve-Out Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the carve-out financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter – Carve-Out Financial Statements

We draw attention to the fact that, as described in note 2 to the carve-out financial statements, the Patents have not operated as a separate entity. These carve-out financial statements are, therefore, not necessarily indicative of results that would have occurred if the Patents have been a separate, standalone entity during the years presented or of future results of the Patents. Our opinion is not modified in respect of this matter.

## Responsibilities of Management and Those Charged with Governance for the Carve-Out Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management is responsible for assessing the Patents’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Patents or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Patents’ financial reporting process.

### Auditor’s Responsibilities for the Audit of the Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Patents’ internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Patents’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Patents to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta

Chartered Professional Accountants

# Power Republic Corp.

## Carve-Out Statements of Financial Position

Stated in Canadian dollars
As at December 31,

| | | 2020 (Audited) | | 2019 (unaudited) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | **$** | **2,588,801** | $ | 1,899 |
| Receivables | | **4,951** | | 80,031 |
| Prepaid expenses and other current assets | | **7,598** | | 58,742 |
| **Non-current assets** | | | | |
| Property and equipment (Note 8) | | **383,105** | | 464,827 |
| Intangible assets (Note 9) | | **1,307,874** | | 1,559,187 |
| Right of use asset (Note 10) | | **108,482** | | 101,681 |
| Lease deposits | | **86,628** | | 102,757 |
| **Total assets** | **$** | **4,487,439** | $ | 2,369,124 |
| | | | | |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade payables and accrued liabilities (Note 12) | | **224,807** | | 801,910 |
| Current portion of long-term liabilities (Note 14) | | **167,714** | | 73,870 |
| Current portion of lease liabilities (Note 10) | | **91,079** | | 45,971 |
| **Non-current liabilities** | | | | |
| Provision for severance indemnities (Note 14) | | **103,383** | | 110,092 |
| Long-term borrowings (Note 14) | | **142,119** | | 241,958 |
| Lease liabilities (Note 10) | | **23,827** | | 58,472 |
| **Total liabilities** | | **752,929** | | 1,332,273 |
| | | | | |
| **NET INVESTMENT** | | | | |
| Net investment *(Note 7)* | | **12,448,054** | | 7,923,180 |
| Accumulated other comprehensive loss | | **(215,388)** | | (266,340) |
| Accumulated deficit | | **(8,498,156)** | | (6,619,989) |
| Total net investment | | **3,734,510** | | 1,036,851 |
| **Total liabilities and net investment** | **$** | **4,487,439** | $ | 2,369,124 |

Subsequent events (*Note 15*)

Approved by the Board of Directors:

*"Sean (Seyeon) Kim"* — Director

*"Chang Guk Kim"* — Director

*The accompanying notes are an integral part of these carve-out financial statements.*

# Power Republic Corp.

## Carve-Out Statements of Loss and Comprehensive Loss

Stated in Canadian dollars
For the years ended December 31, 2020 and 2019

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Salaries, wages and employee benefits (Note 13) | **$** | **671,250** | $ | 851,300 |
| Depreciation and amortization (Note 8, 9, 10) | | **512,193** | | 527,574 |
| Research and development | | **320,835** | | 529,282 |
| General and administrative | | **368,521** | | 232,367 |
| Interest | | **17,667** | | 18,937 |
| **Total expenses** | | **1,890,466** | | 2,159,460 |
| **Operating loss** | | **(1,890,466)** | | (2,159,460) |
| **Other Income (expenses)** | | | | |
| Foreign exchange (loss) gain | | **(63)** | | 4 |
| Other income | | **12,362** | | 10,043 |
| **Total Loss** | **$** | **(1,878,167)** | $ | (2,149,413) |
| **Other Comprehensive Loss** | | | | |
| Exchange difference on translation to presentation currency | | **50,952** | | 59,996 |
| **Total loss and comprehensive loss** | **$** | **(1,827,215)** | $ | (2,089,417) |

*The accompanying notes are an integral part of these carve-out financial statements.*

# Power Republic Corp.

## Carve-Out Statements of Net Investment

Stated in Canadian dollars

For the years ended December 31, 2020 and 2019

| | Net Investment | Other Comprehensive Loss | Deficit | Total Net Investment |
|---|---|---|---|---|
| Balance at December 31, 2018 | 5,821,570 | (326,336) | (4,470,575) | 1,024,659 |
| Net investment (Note 7) | 2,101,610 | - | - | 2,101,610 |
| Net loss | - | - | (2,149,413) | (2,149,413) |
| Translation to presentation currency | - | 59,996 | - | 59,996 |
| Balance at December 31, 2019 | 7,923,180 | (266,340) | (6,619,989) | 1,036,851 |
| Net investment (Note 7) | **4,524,874** | **-** | **-** | **4,524,874** |
| Net loss | **-** | **-** | **(1,878,167)** | **(1,878,167)** |
| Translation to presentation currency | **-** | **50,952** | **-** | **50,952** |
| **Balance at December 31, 2020** | **12,448,054** | **(215,388)** | **(8,498,156)** | **3,734,510** |

*The accompanying notes are an integral part of these carve-out financial statements.*

# Power Republic Corp.

## Carve-Out Statements of Cash Flows

Stated in Canadian dollars

For the years ended December 31, 2020 and 2019

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Cash flows related to the following activities:** | | | | |
| **Operating activities** | | | | |
| Net loss | $ | (1,878,167) | $ | (2,149,413) |
| Items not affecting cash: | | | | |
| Bad debt | | - | | 5,008 |
| Depreciation and amortization (Note 8, 9, 10) | | 512,193 | | 527,574 |
| Provision for severance indemnities (Note 13) | | 38,790 | | 79,660 |
| Interest expense (Note 10) | | 9,804 | | 12,817 |
| Gain on termination of the lease (Note 10) | | (3,098) | | - |
| Net change in working capital items: | | | | |
| Receivables | | 78,200 | | (58,070) |
| Prepaid expenses and deposits | | 53,434 | | (6,738) |
| Trade payables and accrued liabilities | | (516,928) | | (10,039) |
| **Cash flows used in operating activities** | | (1,705,772) | | (1,599,201) |
| **Investing activities** | | | | |
| Receipt of lease deposits | | 19,525 | | 11,280 |
| Additions of property and equipment (Note 8) | | (46,664) | | (1,863) |
| Additions of intangible assets (Note 9) | $ | (36,617) | $ | (646,153) |
| **Cash flows used in investing activities** | $ | (63,756) | $ | (636,736) |
| **Financing activities** | | | | |
| Net investment (Note 7) | $ | 4,524,874 | $ | 2,101,610 |
| Proceeds from related party (Note 12) | | 951 | | - |
| Proceeds from borrowings (Note 14) | | 1,000 | | 227,650 |
| Repayment of borrowings (Note 14) | | (17,752) | | - |
| Payment on lease (Note 10) | | (103,186) | | (132,284) |
| Payment of provision for severance indemnities (Note 13) | | (49,457) | | (62,154) |
| **Net cash provided by financing activities** | $ | 4,356,430 | $ | 2,134,822 |
| **Net increase (decrease) in cash and cash equivalents** | | 2,586,902 | | (101,115) |
| **Cash and cash equivalents at the beginning of the year** | | 1,899 | | 103,014 |
| **Cash and cash equivalents at the end of the year** | $ | 2,588,801 | $ | 1,899 |

*The accompanying notes are an integral part of these carve-out financial statements.*

## 1. Description of Business and Nature of Operations

Power Republic Co., Ltd ("PR" or the "Company") was incorporated on December 1, 2016. Its main business is the research and development of wireless power transfer technology.

These carve-out financial statements reflect the financial position, results of operations, and cash flows for the patents of wireless power transfer technology (the "Patents"), which have been transferred to PR Technology Inc. ("PRT") in May 2021.

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks. During the year ended December 31, 2020 there was no material impact on the operations of the Company and the carve-out financial statements.

## 2. Basis of Preparation

**Statement of compliance**

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These carve-out financial statements were authorized for issue by the Directors on •, 2021.

**Basis of measurement**

These carve-out financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these carve-out financial statements have been prepared using the accrual basis of accounting.

The operating results reflected in the carve-out statements of loss and comprehensive loss include allocations for certain finance and administrative functions historically provided by the Company, including, but not limited to, insurance, information technology, and professional fees. The costs related to these services have been allocated to the carve-out statements on the basis of direct usage when identifiable, based on the Company's existing reporting structure; otherwise they have been allocated on a pro-rata basis based on other measures considered to be a reasonable reflection of the historical usage of these services.

Significant allocations affecting the operating results of the Company include:

- *Executive and administrative compensation*

  Executive and administrative compensation represents an allocation of the costs paid for centrally by the Company in relation to key executives and administrative functions. The allocation was determined based on the relative time and effort of key management and administrative personnel at the Company level related to managing and operating the Patents.

  *Corporate cost allocations*

  Corporate cost allocations represent the allocation of the costs paid for centrally by the Company in relation to transactions or other business activities such as rent and insurance premiums. The allocation is determined based on underlying driver specific to each cost.

On the carve-out statement of financial position, the majority of assets and liabilities in these carve-out financial statements are directly identifiable and have been carved out on the basis of the Company's existing reporting structure. Also included in these carve-out financial statements, is the resulting Company net investment arising from corporate allocations and the net funding provided to/from other non-carve-out related divisions within the Company.

Management believes the assumptions underlying these carve-out financial statements are reasonable. Nevertheless, the carve-out financial statements herein may not include all of the costs that would have been incurred by the Company had it operated as a standalone entity during the periods presented. Actual costs that would have been incurred had the

Company operated on a standalone basis would depend on multiple factors, including organization structure, underlying infrastructure, or other areas that would have been driven by strategic or operational decisions.

## 2. Basis of Preparation *(continued)*

**Functional and presentation currency**

These carve-out financial statements are presented in Canadian dollars. The Company's functional currency is South Korean Won.

**Use of estimates and judgements**

The preparation of carve-out financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the years (Note 4). Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

## 3. Summary of Significant Accounting Policies

The accounting policies set out below are considered to be significant and have been applied consistently by the Company to all years presented in these financial statements.

**Cash and cash equivalents**

Cash and cash equivalents consists of cash held in bank accounts.

**Provisions**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Intangible assets**

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization will be recognized on a basis and over an estimated useful life which approximates the life of the asset to the Company. The estimated useful life and amortization method will be reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets - Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and,

- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

## 3. Summary of Significant Accounting Policies *(continued)*

Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

*Patents and software*

It is the Company's practice to seek patent protection on processes and products. The Company capitalizes the costs incurred for patent applications filed and pending approval. Patents are carried at cost less accumulated amortization and accumulated impairment losses. Amortization for patents and software is recognized on a straight-line basis over the estimated useful life of 5 years.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*De-recognition of intangible assets*

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

**Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred tax</u>

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

<u>Current and deferred tax for the period</u>

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive loss or directly in equity respectively

**Property and equipment**

Property and equipment is stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recorded to recognize the cost of assets over their useful lives, using the straight-line method over seven years.

When a property and equipment asset has significant components with different useful lives, each significant component is depreciated separately.

## 3. Summary of Significant Accounting Policies *(continued)*

The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation rates are as follows:

| Class | Useful life |
|---|---|
| Machinery | 5 years |
| Vehicles | 5 years |
| Office equipment | 5 years |

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Repairs and maintenance costs that do not improve or extend productive life are recognized in profit or loss in the period in which the costs are incurred.

**Leases**

Pursuant to IFRS 16, and the Corporation recognizes a Right-of-use asset and Lease obligation at the start of most leases utilizing the present value of the lease payments over the appropriate term of the lease. This policy does not apply to leases for which the lease term ends within 12 months of the date of initial application or for leases of low value. Lease payments related to these short-term or low-value leases are expensed over the lease term.

Under this policy, appropriate leases are capitalized at the present value of the fixed lease payments, discounted using the Corporation's incremental borrowing rate. The primary application of IFRS 16 occurred January 1, 2019, related to leases on the Corporation's facilities. Payments made related to contractual lease obligations are allocated between related interest expense and the reduction of the lease obligations. The Right-of-use assets are depreciated on a straight line basis over the term of the related leases.

**Financial instruments**

Financial assets within the scope of IFRS 9 are classified upon initial recognition based on the Company's business model for managing the financial assets into one of the following categories: amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, the Company includes transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in the statement of loss and comprehensive loss.

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of loss and comprehensive loss.

The recognition of financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in the statement of loss and comprehensive loss based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial



way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in the statement of loss and comprehensive loss.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

The Company has classified its financial instruments' fair values based on the required three-level hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and 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, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

**Impairment**

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of the allowance or provision for impairment account. Such a provision is established when there is reasonable expectation that the Company will not be able to collect all amounts due. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

## 3. Summary of Significant Accounting Policies *(continued)*

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, limited such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Provisions and severance liabilities**

Provisions are recognized by the Corporation when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

## 4. Accounting Estimates and Judgements

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty is:

*Allocations*

Determining the appropriate amounts of certain corporate expenses and balances to allocate requires significant management estimates with respect to the identification of the allocation base and overall methodology applied to that base. Expense allocation to the business of the patents was estimated using a systematic approach based on the relative financial value of the patents transferred relative to the total patent value of the Company.

Management has undergone a detailed review of all allocations and determined that the approach and methodology undertaken are appropriate.

*Useful lives of intangible assets and property and equipment*

The determination of the useful lives of intangible assets and property and equipment requires managements estimate.

*Impairment of non-financial assets*

The determination of whether indicators of impairment exist is based on management's judgment of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The recoverable amounts used for impairment calculations require estimates of future net cash flows related to the assets or CGU's, probability of successful contract proposals and estimates of discount rates applied to these cash flows.

*Judgements*

Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the financial statements.

*Contingencies*

## 4. Accounting Estimates and Judgements*(continued)*

Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

*Allocations*

Management uses judgement to assess the applicability of expenses, assets and liabilities to the carve-out financial statements.

## 5. Nature of Expenses

The nature of the Company's carve-out general and administrative expenses mainly include rent, utilities, and other office expenses allocated to the Patents development cost.

## 6. Financial Instruments and Risk Management

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit, liquidity, and market risk because of holding certain financial instruments. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk Management is carried out by senior management.

**Fair Value**

The Company's financial instruments consist of cash and cash equivalents, receivables, account payables and accrued liabilities and long-term debt. The carrying amounts of current assets and liabilities approximate their fair value due to their short period to maturity. The carrying value of long-term debt approximates fair value due to the market rate of interest attached to the debt.

IFRS establishes a three-level hierarchy that prioritizes the inputs relative to the valuation techniques used to measure fair value. Fair values of assets and liabilities included in Level 1 of the hierarchy are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair value of assets and liabilities in Level 2 are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair value of assets and liabilities in Level 3 are determined based on inputs that are unobservable and significant to the overall fair value measurement. Accordingly, the Company has categorized its financial instruments carried at fair value into one of three Classification of financial instruments per category:

| Financial Instrument | Classification and measurement |
|---|---|
| Cash and cash equivalents | Amortized cost |
| Receivables | Amortized cost |
| Trade and other payables | Amortized cost |

**Credit risk**

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

The maximum exposure of financial assets to credit risk relate to cash and cash equivalents and receivables.

Receivables and other current assets are dispersed to various customers. As a result, the credit risk is not focused. Cash and cash equivalents are held with major Korean financial institutions and as a result management considers credit risk to be low.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and credit facilities to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services.

The Company has sufficient working capital to meet obligations as they come due provided long-term debt holder does not demand repayment.

## 6. Financial Instruments and Risk Management *(continued)*

The contractual maturity period of financial liabilities are as follows:

As at December 31, 2020:

| Account | Carrying value | Less than 1 year | 1 year ~5 years |
|---|---|---|---|
| Trade and accrued liabilities | 224,807 | 224,807 | - |
| Long-term borrowings | 309,833 | 167,714 | 142,119 |
| Total | 370,961 | 167,714 | 142,119 |

As at December 31, 2019:

| Account | Carrying value | Less than 1 year | 1 year ~5 years |
|---|---|---|---|
| Trade and accrued liabilities | 801,910 | 801,910 | - |
| Long-term borrowings | 315,828 | 73,870 | 241,958 |
| Total | 968,202 | 73,870 | 241,958 |

**Interest rate risk**

The Company is not exposed to significant interest rate risk as it does not have any variable rate, interest bearing financial instruments.

## 7. Net Investment

Net investment represents the initial and historical contributions by the Company, and allocation of the Company's historical and any subsequent contributions associated with the Patents development costs needs.

## 8. Property and Equipment

| **Cost** | Machinery | Vehicles | Office equipment | Total |
|---|---|---|---|---|
| Balance at December 31, 2019 | 489,496 | - | 168,372 | 657,868 |
| Additions | - | 46,664 | - | 46,664 |
| **Balance at December 31, 2020** | 489,496 | 46,664 | 168,372 | 704,532 |
| **Accumulated amortization** | | | | |
| Balance at December 31, 2019 | 129,544 | - | 63,497 | 193,041 |
| Depreciation | 73,425 | 778 | 54,183 | 128,386 |
| **Balance at December 31, 2020** | 202,969 | 778 | 117,680 | 321,427 |
| Carrying amounts | | | | |
| At December 31, 2019 | 359,952 | - | 104,875 | 464,827 |
| **At December 31, 2020** | **286,527** | **45,886** | **50,692** | **383,105** |

## 9. Intangible Assets

| **Cost** | Patents | Software | Total |
|---|---|---|---|
| Balance at December 31, 2019 | 1,909,735 | 30,643 | 1,940,378 |
| Additions | 36,617 | - | 36,617 |
| **Balance at December 31, 2020** | **1,946,352** | **30,643** | **1,976,995** |
| **Accumulated amortization** | | | |
| Balance at December 31, 2019 | 373,578 | 7,613 | 381,191 |
| Amortization | 284,862 | 3,068 | 287,930 |
| **Balance at December 31, 2020** | **658,440** | **10,681** | **669,121** |
| Carrying amounts | | | |
| At December 31, 2019 | 1,536,157 | 23,030 | 1,559,187 |
| **At December 31, 2020** | **1,287,912** | **19,962** | **1,307,874** |

## 10. Right of Use Asset and Lease Liability

The Company implemented IFRS 16 for the 2019 year-end for which it held two building leases and one vehicle lease on implementation at January 1, 2019 the Company set the right of use asset equal to the lease liability based on the present value of the lease liability at January 1, 2019. The company entered into two 24-month lease agreements, with no renewal or termination option, beginning April 19, 2020. The Company recognized a lease liability and corresponding right of use asset by discounting future lease payments at 7.5% (2019 – 7.3%).

| **Right of Use Assets** | **Building** | **Vehicle** | **Total** |
|---|---|---|---|
| **Cost:** | | | |
| Balance December 31, 2018 | - | - | - |
| Additions during the year | 127,394 | 97,469 | 224,863 |
| Balance December 31, 2019 | 127,394 | 97,469 | 224,863 |
| Additions during the year | 173,572 | - | 173,572 |
| Disposal in the year | (127,394) | (97,469) | (224,863) |
| Balance December 31, 2020 | 173,572 | - | 173,572 |
| **Amortization:** | | | |
| Balance December 31, 2018 | - | - | - |
| Additions during the year | 101,916 | 21,267 | 123,182 |
| Balance December 31, 2019 | 101,916 | 21,267 | 123,182 |
| Additions during the year | 90,569 | 5,308 | 95,877 |
| Disposal in the year | (127,394) | (26,575) | (153,969) |
| Balance December 31, 2020 | 65,090 | - | 65,090 |
| **Net book value:** | | | |
| Balance December 31, 2019 | 25,479 | 76,202 | 101,681 |
| Balance December 31, 2020 | **108,482** | - | **108,482** |

## 10. Right of Use Asset and Lease Liability (continued)

| **Lease liability** | **2020** | **2019** |
|---|---|---|
| Opening balance | **104,443** | - |
| Additions during the year | **173,572** | 232,701 |
| Lease disposal | **(73,992)** | - |
| Lease payments made | **(103,186)** | (132,284) |
| Accretion | **9,804** | 12,817 |
| Foreign exchange | **4,265** | (8,791) |
| Balance December 31 | **114,906** | 104,443 |
| | | |
| Current portion | **91,079** | 45,971 |
| Non-current portion | **23,827** | 58,472 |

The total undiscounted amount of the estimated future cash flows to settle the lease obligations over the remaining lease term is $120,591 (2019 - $116,001). The Company's minimum lease payments are as follows:

| | **2020** | **2019** |
|---|---|---|
| Within one year | **96,473** | 51,498 |
| Later than one year but not later than two years | **24,118** | 24,969 |
| Later than two years | **-** | 39,534 |
| Note Minimum lease payments | **120,591** | 116,001 |
| Amount representing finance charge | **(5,685)** | (11,558) |
| Present value of net minimum lease payments | **114,906** | **104,443** |

## 11. Taxes

Income taxes expense differs from the amount obtained by applying the statutory income tax rate of 22.0% to income before income taxes as follows:

| | **2020** | 2019 |
|---|---|---|
| Loss before taxes | **(1,613,427)** | (1,880,622) |
| Statutory income tax rate (%) | **22%** | 22% |
| Expected recovery at statutory rate | **(354,954)** | (413,737) |
| Increase (decrease) in taxes resulting from: | | |
| Rate differential | **-** | - |
| Tax benefits not recognized | **354,954** | 413,737 |
| **Tax expense (recovery)** | **$ -** | $ - |

The following provides the details of unrecognized deductible temporary differences for which no deferred tax asset has been recognized:

| | **2020** | 2019 |
|---|---|---|
| Non-capital loss carry forwards | **7,964,624** | 6,351,197 |

The Company's non-capital losses are available to reduce future years' taxable income in Korea, and will start to expire in 2026 if not utilized. Deferred tax assets are recorded only to the extent that future taxable income will be available against which the deferred tax asset can be offset. Management estimates future income using forecasts based on the best available current information. Based on the current estimates, no deferred tax asset has been recorded

## 12. Related Party

Included in Trade payables and accrued liabilities, is a loan outstanding of $951 (2019 - $Nil) from shareholders which is non-interest bearing, unsecured and due on demand.

## 13. Provision for severance indemnities

Details of changes in provision for severance indemnities are as follows:

| | **2020** | 2019 |
|---|---|---|
| Balance December 31, 2019 | **110,092** | 100,229 |
| Additions during the year | **38,790** | 79,660 |
| Payments made | **(49,457)** | (62,154) |
| Foreign exchange | **3,958** | (7,643) |
| Balance December 31, 2020 | **103,383** | 110,092 |

## 14. Long term borrowings

Details of long term borrowings are as follows:

| Account | Type | Interest rate (%) | Maturity date | December 31, 2020 | December 31, 2019 |
|---|---|---|---|---|---|
| Korea SMEs and Startups Agency | Youth startup loan | 2.00 | May 2023 | 75,449 | 90,237 |
| | Stability of Mgmt. loan. | 2.71 | March 2024 | 234,384 | 225,591 |
| Sub-total | | | | 309,833 | 315,828 |
| Less: current portion | | | | (167,714) | (73,870) |
| Total | | | | 142,119 | 241,958 |

## 15. Subsequent Events

On February 24, 2021, PRT Korea Co. Ltd. ("PRT Korea"), a wholly owned subsidiary of PR Korea Co. Ltd. ("PR Korea") signed a memorandum of understanding ("MOU") with LIG Nex1 Co., Ltd. a South Korean aerospace manufacturer and defense company. PR Korea Co. Ltd. is a wholly owned subsidiary of the Company. Under the MOU, PRT Korea Co. Ltd. will provide services related to the development of wireless power transmission systems for drones and unmanned aerial vehicles.

On April 30, 2021, Power Republic Corp. (the "Company") and PR Korea Co. Ltd. ("PR Korea") (together "PR Group") entered into an Asset Transfer Agreement (the "Agreement") with PR Technology Inc. ("PRT") in which PR Korea will transfer certain assets to PRT (the "Transaction"). PR Group is related to PRT as the Company is the parent company of PR Korea and PR Korea is the parent company of PRT.

Pursuant to the Agreement, PR Korea, a wholly own subsidiary of the Company transferred cash of $1.5 million and certain intangible assets relating to the wireless power transfer technology (the "Assets") including the shares of its wholly own subsidiary, PRT Korea, to PRT. The Assets consists of various patents and intellectual property relating to wireless power transfer technology having an approximate fair value of $3.2 million with a carrying value of approximately $1.3 million. PR Group and PRT are entities under common control. As consideration, PR Technology Inc issued 96,480,000 common shares to existing shareholders of the Company.

On May 27th, 2021, PRT entered into a subscription agreement with Columbia Capital Inc. and issued a subscription receipt certificate to Columbia Capital Inc., as an advisory success fee, (i) 5% of the issued and outstanding shares of PRT, which is expected to be 4,824,000 shares and (ii) a purchase option to acquire another 4,824,000 shares exercisable for a period of two years from the listing date at an exercise price equal to the greater of the market closing price on the first day of trading or the 15-day average closing price on the first 15 calendar days, starting from the first day of trading.

**SCHEDULE "F"**

**MD&A FOR THE CARVE-OUT FINANCIAL STATEMENTS OF THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2020**

(See attached)

# POWER REPUBLIC CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## YEAR ENDED DECEMBER 31, 2020

## (EXPRESSED IN CANADIAN DOLLARS)

The Management Discussion and Analysis ("MD&A"), prepared December 31, 2020 should be read in conjunction with the audited carve-out financial statements and notes thereto for the years ended December 31, 2020 and 2019 of Power Republic Corp. ("PR" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Also, the MD&A reflects the operations, results and financial positions for the patents of wireless power transfer technology (the "Patents"), which have been transferred to PR Technology Inc. ("PRT") in May 2021. All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute "forward looking" information which involve risk, uncertainties and other factors which may cause the actual results, activities or performance of the Group, or the industry in which they operate, to be materially different from any future results, activities or performance stated or implied by such forward-looking statements. All statements other than statements of historical fact may be forward-looking information. When used in this MD&A, the words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar import, are intended to identify any forward-looking information.

These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors that could case actual results to differ materially from the forward looking information, including market and business conditions, the company's ability to successfully implement its business plan, or raise sufficient capital, change to government policies, currency fluctuations, weather conditions, competition, the company's ability recruit and retain key executives and assistive personnel, and other risks. Although the statements contained in this MD&D are based upon what management believe to be reasonable assumptions, the company cannot assure investors that actual result will be consistent with these statements. The company does not undertake to update forward looking information at any particular time whether as a result of new information, future events or otherwise, except as required by law.

## OVERVIEW

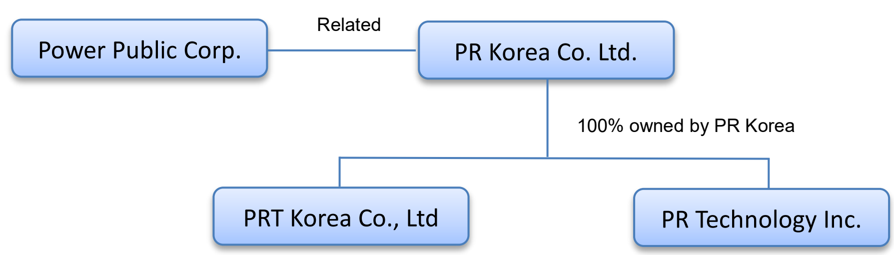
Power Republic Corp. (the "Company") was incorporated in the Republic of Korea in December 2016 and developed magnetic resonant wireless power transfer technology.

When established, the Company received assets related to wireless power transfer ("WPT") business including goodwill and patents from its predecessor, Power Republic Alliance Corp and developed various products mostly for Korean customers. On April 23rd, 2019, the Company incorporated PR Technology Inc. in British Columbia, Canada and became the shareholder of PR Technology Inc to proceed the listing process to be listed on Canadian Securities Exchange ("CSE") and expand its business in North America. In addition, the Company incorporated two additional entities: PR Korea Co., Ltd on July 22nd, 2020, as well as PRT Korea Co., Ltd. as a subsidiary of PR Korea Co., Ltd. on September 1st, 2020. Then, the Company transferred almost all its assets to PR Korea Co., Ltd including its entire shares of PR Technology through a comprehensive asset transfer agreement on October 15, 2020.

## OVERVIEW

On May 27, 2021, the Company, through its subsidiary, PR Korea Co. Ltd., transferred cash and certain assets including the shares of PRT Korea Co., Ltd. held by PR Korea to PR Technology Inc. pursuant to the asset transfer agreement and PR Technology issued 96,480,000 common shares to existing shareholders of the Company in exchange for those assets. Also, the Company issued a subscription receipt certificate to Columbia Capital Inc., as an advisory success fee, (i) 5% of the Company's issued and outstanding shares, which is expected to be 4,824,000 shares and (ii) a purchase option to acquire another 4,824,000 shares exercisable for a period of two years from the listing date at an exercise price equal to the greater of the market closing price on the first day of trading or the 15-day average closing price on the first 15 calendar days, starting from the first day of trading. Subject to approval by the regulatory, PR Technology plans to be the listed on CSE and its subsidiary, PRT Korea will be an operating company to manage business and R&D in Korea whereas the rest of related entities; Power Republic and PR Korea will be dissolved.

Corporate Structure as of December 31st, 2020




## DESCRIPTION OF BUSINESS BY SECTOR

WPT Systems for Factory automation including RGV (Rail Guided Vehicle)

The Company is primarily focused on developing WPT systems in the automobile industry for RGVs used on the factory floor in manufacturing faculties. The Company's RGV WPT technology is based on the magnetic resonance technology and includes transmitters ("Tx") and receivers ("Rx"). The receivers are installed on the RGVs and the transmitters are installed at certain locations along the rail lines. The power is automatically transferred along the rail lines where transmitters are installed. This removes the need for wired charging of the RGVs resulting in improved productivity and reduced wear and tear.

Recently, the Company engaged in discussions with an automobile manufacturer in Korea to apply its WPT products in its manufacturing facility. The Company supplied five sets of Tx and Rx samples to the manufacturer to test in the manufacturer's facility in Korea. The test samples were applied to RGVs in the manufacturer's automation facility and the results were positive. The Company demonstrated its products for members of the management of the manufacturer in both its domestic and overseas facilities. The Company and the manufacturer have executed a non-disclosure agreement and a non-binding letter of intent. The sales of those samples were not recorded as revenue but applied against the research and development expenses in the Company's carve-out financial statements ended December 31, 2020, as the transaction was for a sample test and not material.

The Company is encouraged by the progress of these discussions and demonstrations to date and is actively pursuing a purchase order from this manufacturer.

## DESCRIPTION OF BUSINESS BY SECTOR

Wireless Charging for Mobile Devices

In the second half of 2020, the Company introduced a wireless cellphone charger called 'Hoguwatt' through a crowdfunding platform in Korea and sold over 200 units. The sales amount was not material and applied against the research and development expenses in the Company's carve-out financial statements ended December 31, 2020. The Hoguwatt, based on magnetic resonance technology, can charge a device from a distance of three centimetres regardless of any physical obstacles and can be installed in a table. The Company continues to develop designs of applied products of Hoguwatt with market research.

Wireless Charging for Home Appliances

The Company developed a WPT system and wireless charger for home appliances including smart tables, electric toothbrushes, humidifiers, LED lights and Bluetooth speakers with a power range between 15W and 200W. The Company has determined that additional research and product development will be required to successfully commercialize these products, and that research and development is currently being conducted by the Company. Sample production was underway, however it has been put on hold while the Company focuses on other aspects of its Business. In order for the WPT system for home appliances to be ready for commercialization, the Company will need to finish sample production, complete testing, and make any modifications.

Wireless Drone Charging Systems

The Company's wireless charging station for drones enables drones to charge wirelessly by automatic sensor when they approach the station, which is not possible with existing plug-in drone charging systems. The charging station for drones are equipped with a supply system suitable for fast charging and can be used in a variety of industries including military, security, rescue, reconnaissance, logistics and agriculture. The Company implemented pilot projects and supplied its drone wireless charging system and station to the Korea Aerospace Research Institute and Korean Express Corporation.

On February 24, 2021, the Company signed a memorandum of understanding with LIG Nex1 Co., Ltd. a South Korean aerospace manufacturer and defense company, to develop an aviation drone business together and whereby both companies will collaborate and expand the drone business in the defence and private aviation sectors. Both companies will jointly research and develop future air drone technologies in the defence and private sectors and promote various activities such as mass production and export.

LIG Nex1 Co., Ltd. will be in charge of the overall development of the aviation drone field while the Company will be in charge of developing WPT systems for drones and unmanned aerial vehicles. The Company expects to be able to provide a prototype to LIG Nex1 Co., Ltd. for a domestic defence exhibition in Korea in November 2021. The Company anticipates it will take approximately six months to 2 years for commercialization.

Wireless LED Lights

The Company has developed wireless LED lights for use in consumer products, mainly toys and fish tanks, called the 'Lightning Bug'. In 2017, the Company supplied 50,000 product modules of Lightning Bugs to a Japanese company. However, the Company has no further sales of the Lightning Bug to date.

## OUTLOOK

In 2020, Covid-19 pandemic had a significant impact on global financial markets experiencing significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

The extent of the impact of such emergency measures, will depend on future development, including the duration and severity of COVID-19 in the local markets in which we operate, which are uncertain and cannot be predicted.

**SELECTED ANNUAL INFORMATION**

The following is a summary of certain selected annual information for the most recent two fiscal years.

| | | Year Ended December 31, 2020 (Audited) | | Year Ended December 31, 2019 (Unaudited) |
|---|---|---|---|---|
| Total Assets | $ | 4,487,439 | $ | 2,369,124 |
| Total Liabilities | | 752,929 | | 1,332,273 |
| Total Net Investment | | 3,734,510 | | 1,036,851 |
| Total loss and comprehensive loss | | (1,827,215) | | (2,089,417) |
| Cash & Cash equivalent | | 2,588,801 | | 1,899 |

**RESULTS OF OPERATIONS**

**<u>Years ended December 31, 2020, and 2019</u>**

| | | Year Ended December 31, 2020 (Audited) | | Year Ended December 31, 2019 (Unaudited) |
|---|---|---|---|---|
| Expenses | | | | |
| Salaries, wages and employee benefits | $ | 671,250 | $ | 851,300 |
| Depreciation and amortization | | 512,193 | | 527,574 |
| Research and development | | 320,835 | | 529,282 |
| General and administrative | | 368,521 | | 232,367 |
| Interest | | 17,667 | | 18,937 |
| Total expenses | | 1,890,466 | | 2,159,460 |

As of December 31, 2020, the Company's carve-out expenses decreased by $268,994 compared to 2019 and this decrease was mostly drive by salaries, wages and employee benefits as well as research and development.

Salaries, wages and employee benefits decreased by $180,050 and Research and development decreased by $208,447. General and administrative expenses mainly include rent, utilities, and other office expenses allocated to the patents development cost and increased by $136,154.

**SUMMARY OF QUARTERLY RESULTS**

The Company has not previously prepared quarterly financial information.

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company's cash and cash equivalents was $2,588,801 and has sufficient working capital to meet obligations as they come due provided long-term debt holder does not demand repayment.

## OFF-BALANCE SHEET ARRANGEMENTS

As at of December 31, 2020, the Company had no off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

As at of December 31, 2020, the Company had a loan outstanding of $951 (2019 - $Nil) from shareholders which is non-interest bearing, unsecured and due on demand.

## FINANCIAL INSTRUMENTS

Financial assets within the scope of IFRS 9 are classified upon initial recognition based on the Company's business model for managing the financial assets into one of the following categories: amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, the Company includes transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in the statement of loss and comprehensive loss.

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of loss and comprehensive loss.

The recognition of financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in the statement of loss and comprehensive loss based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in the statement of loss and comprehensive loss.

## FINANCIAL INSTRUMENTS

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

The Company has classified its financial instruments' fair values based on the required three-level hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and 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, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety..

## CRITICAL ACCOUNTING ESTIMATES

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.
Estimates.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used.

## RISKS AND UNCERTAINTIES

PR shareholders and potential investors in PR should carefully consider the following risk factors and all the other information contained in this MD&A when evaluating PR and its common shares.

An investment in the Company's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks, which are deemed to be material to the Company's business or the results of its operations. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

## RISKS AND UNCERTAINTIES

### Covid-19

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

### Reliance on Management

The Company relies on key employees and staff members. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

### Operating History

The Company has a limited history of operations. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of the Company's early stage of operations.

### Negative operating cash flow

The Company currently has a negative operating cash flow and may continue to have that for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations.

### Insufficient capital and financing requirements

The Company does not currently have any revenue producing products and may, from time to time report a working capital deficit. The Company will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to us and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all, may not obtain the capital required by other means. A failure to raise capital when needed would have a material adverse effect on the Business, and may require the Company to delay, limit, reduce, or cease operations. Any future issuance of Common Shares to raise required capital will likely be dilutive to shareholders. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the mining industry in particular), the Company's status as a new enterprise with a limited history, and/or the loss of key management personnel.

## RISKS AND UNCERTAINTIES

### Development of the business of the Company

The development of the Business and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

### Management of Growth

The Company initially intends to outsource its production to third party manufacturers. After achieving a certain level of sales, the Company plans to establish its own manufacturing facilities. The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### Inability to protect intellectual property

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. Third parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and expand its intellectual property portfolio. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its technology and brand may be harmed, which could have a material adverse effect on the Company's business and might prevent its technology and brad from achieving or maintaining market acceptance.

### Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if

**RISKS AND UNCERTAINTIES**

quickly remedied, could reduce the market’s confidence in the Company’s consolidated financial statements and materially adversely affect the trading price of the Common Shares.

**Breach of confidentiality**

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company’s business form a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable measures, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

**Conflicts of Interest**

Certain of the Company’s directors and officers also serve as directors and/or officers of other companies involved in in similar industries to the Company [NTD: Company to confirm]. Consequently, there is a possibility that a conflict could arise for such directors and officers. Any Company-related decision made by any of these directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith and to act in the best interests of the Company and its shareholders, however there can be no assurance that such conflicts will not adversely affect the Company.

**Legal claims and other contingencies**

There are no legal claims or proceedings filed against the Company. However, there is a possibility that the Company and its subsidiaries may become parties to lawsuits and claims arising in the ordinary course of business which could adversely affect the Business. Such lawsuits could result in significant costs and the outcome of such lawsuits could have a material negative impact on the Company’s financial position, operating results, or the Company’s ability to continue to carry on its business activities.

**Difficult to forecast sales**

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition.

As at the date of this MD&A, there are no formal agreements in place for the sale of the Company's products, which increases the risk inherent in the Company’s financial projections. There is no guarantee that the Company will achieve sufficient sales revenue to sustain its operations.

**Industry risks**

Wireless power transmission technology is an advanced technology. The standardization of WPT technology and larger power transmission could be found to have a negative impact on the human body. This may affect the commercialization of WPT technology.

**RISKS AND UNCERTAINTIES**

**Competition**

The Company will likely face intense competition from other companies, some of which have long operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in facilities and research and development to be able to compete on costs. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

*If the Company is unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected.*

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

**Economic conditions in Korea**

PRTK, a subsidiary of the company in Korea, is incorporated in Korea and most of the Business is currently carried out in Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea. Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the ongoing trade disputes with Japan);
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- the occurrence of severe health epidemics in Korea and other parts of the world, such as the ongoing COVID-19 pandemic;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the Canadian dollar, U.S. dollar, Euro or Japanese Yen exchange rates or revaluation of the Chinese Yuan, as well as the impact from the United Kingdom's exit from the European Union on the value of Korean Won), interest rates, inflation rates or stock markets;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Korean government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;

**RISKS AND UNCERTAINTIES**

- the economic impact of any pending free trade agreements or changes in existing free trade agreements; social and labor unrest;
- decreases in the market prices of Korean real estate;
- decrease in tax revenue coupled with a substantial increase in the Korean government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs that would lead to an increased Korean government budget deficit;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues at certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geo-political uncertainty and the risk of further attacks by terrorist groups around the world;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- increased reliance on exports to service foreign currency debts, which could cause friction with Korea's trading partners;
- the continued growth of the Chinese economy, to the extent its benefits (such as increased exports to China) are outweighed by its costs (such as competition in export markets or for foreign investment and the relocation of manufacturing bases from Korea to China);
- political or social tensions involving Russia and any resulting adverse effects on the global supply of oil or the global financial markets; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or North America.

**Foreign Currency Risk**

The Company is subject to foreign currency exchange risk which may negatively impact its competitiveness, net sales, net earnings and cash flow driven by movements of the Canadian dollar relative to other currencies. A weakening of the currencies in which the Company generates sales relative to the currencies in which costs are denominated may have a material adverse effect on the Company's net earnings and cash flow. The use of different currencies exposes the Company to the risk of foreign currency fluctuations, which are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may also affect the Company's ability to achieve sales growth. A weakening of foreign currencies in which the Company generates sales relative to the Canadian dollar would decrease its net sales. Accordingly, its reported net earnings may be negatively affected by changes in foreign exchange rates.

**Financial instability in other countries**

As most of the Business is currently carried out in Korea, the Company may be affected by the impact of financial instability in countries other than Korea. The Korean market and economy are influenced by economic and market conditions of other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Korean economy.

## RISKS AND UNCERTAINTIES

### Foreign Countries and Political Risk

Most of the Business is carried out in Korea and the Company may expand operations into other foreign countries, where operating activities may be affected in varying degrees by political instability and changes in government regulations such as tax laws, business laws and environmental laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, consumer protection, income taxes and environmental legislation.

### Tensions with North Korea

As most of the Business is currently carried out in Korea, the Company is subject to the impact of the tensions between the Republic of Korea and North Korea. Relations between the Republic of Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase or change abruptly as a result of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programs and increase uncertainty regarding North Korea's actions, particularly in light of possible response from the international community. There can be no assurance that the level of tension will not escalate further in the future.

**SCHEDULE "G"**

**UNAUDITED CARVE-OUT FINANCIAL STATEMENTS OF THE BUSINESS FOR THE THREE MONTHS ENDED MARCH 31, 2021**

(See attached)

# Condensed Interim Carve-Out Financial Statements

## Power Republic Corp.

***For the periods ended March 31, 2021 and 2020***

***Stated in Canadian Dollars***

# Power Republic Corp.

## Condensed Interim Carve-Out Statements of Financial Position

Stated in Canadian dollars
For the three month periods ended March 31, 2021 and 2020

| | | March 31, 2021 (Unaudited) | | December 31, 2020 (Audited) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ | 2,002,484 | $ | 2,588,801 |
| Receivables | | 4,828 | | 4,951 |
| Prepaid expenses and other current assets | | 115,740 | | 7,598 |
| **Total current assets** | | 2,123,052 | | 2,601,350 |
| **Non-current assets** | | | | |
| Property and equipment (Note 6) | | 405,940 | | 383,105 |
| Intangible assets (Note 7) | | 1,209,024 | | 1,307,874 |
| Right of use asset (Note 8) | | 127,781 | | 108,482 |
| Lease deposits | | 104,932 | | 86,628 |
| **Total assets** | $ | 3,970,729 | $ | 4,487,439 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade payables and accrued liabilities | | 338,376 | | 224,807 |
| Current portion of long-term liabilities (Note 10) | | 151,996 | | 167,714 |
| Current portion of lease liabilities (Note 8) | | 101,083 | | 91,079 |
| **Total current liabilities** | | 591,455 | | 483,600 |
| **Non-current liabilities** | | | | |
| Provision for severance indemnities | | 98,268 | | 103,383 |
| Long-term borrowings (Note 10) | | 135,087 | | 142,119 |
| Lease liabilities (Note 8) | | 27,660 | | 23,827 |
| **Total liabilities** | | 852,470 | | 752,929 |
| **NET INVESTMENT** | | | | |
| Net investment (Note 5) | | 12,563,598 | | 12,448,054 |
| Accumulated other comprehensive loss | | (302,071) | | (215,388) |
| Accumulated deficit | | (9,143,268) | | (8,498,156) |
| Total net investment | | 3,118,259 | | 3,734,510 |
| **Total liabilities and net investment** | $ | 3,970,729 | $ | 4,487,439 |

Subsequent events (Note 11)

Approved by the Board of Directors:

*"Sean (Seyeon) Kim"*
Director

*"Chang Guk Kim"*
Director

*The accompanying notes are an integral part of these condensed interim carve-out financial statements.*

# Power Republic Corp.

## Condensed Interim Carve-Out Statements of Loss and Comprehensive Loss

Stated in Canadian dollars

For the three month periods ended March 31, 2021 and 2020

| | | **2021** | | 2020 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Salaries, wages and employee benefits | **$** | 179,429 | $ | 222,704 |
| Depreciation and amortization (Note 6,7 and 8) | | 158,562 | | 134,632 |
| Research and development | | 62,538 | | 18,235 |
| General and administrative | | 241,464 | | 82,117 |
| Interest | | 4,370 | | 3,702 |
| **Total expenses** | | 646,363 | | 461,390 |
| **Operating loss** | | (646,363) | | (461,390) |
| **Other Income (expenses)** | | | | |
| Foreign exchange (loss) gain | | | | |
| Other income | | 1,251 | | 3,186 |
| **Total Loss** | **$** | (645,112) | $ | (458,204) |
| **Other Comprehensive Loss** | | | | |
| Exchange difference on translation to presentation currency | | (86,683) | | (5,827) |
| **Total loss and comprehensive loss** | **$** | (731,795) | $ | (464,031) |

*The accompanying notes are an integral part of these condensed interim carve-out financial statements.*

# Power Republic Corp.

## Condensed Interim Carve-Out Statements of Net Investment

Stated in Canadian dollars
For the periods ended March 13, 2021 and 2020

| | Net Investment | Other Comprehensive Loss | Deficit | Total Net Investment |
|---|---|---|---|---|
| Balance at December 31, 2020 | **12,448,054** | **(215,388)** | **(8,498,156)** | **3,734,510** |
| Net investment (Note 5) | 115,544 | - | - | 115,544 |
| Net loss | - | - | (645,112) | (645,112) |
| Translation to presentation currency | - | (86,683) | - | (86,683) |
| Balance at March 31, 2021 | **12,563,598** | **(302,071)** | **(9,143,268)** | **3,118,259** |
| Balance December 31, 2019 | 7,923,180 | (266,340) | (6,619,989) | 1,036,851 |
| Net investment (Note 5) | 2,133,410 | - | - | 2,133,410 |
| Net loss | - | - | (458,204) | (458,204) |
| Translation to presentation currency | - | (5,827) | - | (5,827) |
| **Balance at March 31, 2020** | **10,056,590** | **(272,167)** | **(7,078,193)** | **2,706,230** |

*The accompanying notes are an integral part of these condensed interim carve-out financial statements.*

# Power Republic Corp.

## Condensed Interim Carve-Out Statements of Cash Flows

Stated in Canadian dollars

For the three-month periods ended March 31, 2021 and 2020

| | | 2021 | | 2020 |
|---|---|---|---|---|
| **Cash flows related to the following activities:** | | | | |
| **Operating activities** | | | | |
| Net loss | $ | **(645,112)** | $ | **(458,204)** |
| Items not affecting cash: | | | | |
| Depreciation and amortization (Note 6,7and 8) | | 158,562 | | 134,632 |
| Interest expense (Note 8) | | 2,504 | | 1,763 |
| Gain on termination of the lease | | - | | (3,186) |
| Net change in working capital items: | | | | |
| Receivables | | (124) | | 49,788 |
| Prepaid expenses and deposits | | (110,681) | | (3,226) |
| Trade payables and accrued liabilities | | 127,177 | | 45,983 |
| **Cash flows used in operating activities** | | (467,674) | | (232,450) |
| **Investing activities** | | | | |
| Receipt of lease deposits | | (23,041) | | 20,268 |
| Additions of property and equipment (Note 6) | | (59,045) | | - |
| Additions of intangible assets (Note 7) | $ | - | $ | (4,097) |
| **Cash flows used in investing activities** | $ | (82,086) | $ | 16,171 |
| **Financing activities** | | | | |
| Net investment (Note 5) | $ | 115,544 | $ | 2,133,410 |
| Repayment of borrowings (Note 10) | | (7,498) | | - |
| Payment on lease (Note 8) | | (25,393) | | (32,714) |
| Payment of provision for severance indemnities | | - | | (47,495) |
| **Net cash provided by financing activities** | $ | 82,653 | $ | 2,053,201 |
| **FX effect in Cash** | | (119,210) | | 28,442 |
| **Net increase (decrease) in cash and cash equivalents** | | (586,317) | | 1,865,364 |
| **Cash and cash equivalents at the beginning of the year** | | 2,588,801 | | 1,899 |
| **Cash and cash equivalents at the end of the year** | $ | **2,002,484** | $ | **1,867,263** |

*The accompanying notes are an integral part of these condensed interim carve-out financial statements.*

## 1. Description of Business and Nature of Operations

Power Republic Co., Ltd ("PR" or the "Company") was incorporated on December 1, 2016. Its main business is the research and development of wireless power transfer technology.

These condensed interim carve-out financial statements reflect the financial position, results of operations, and cash flows for the patents of wireless power transfer technology (the "Patents"), which have been transferred to PR Technology Inc. ("PRT") in May 2021.

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks. During the year ended December 31, 2020 there was no material impact on the operations of the Company and the condensed interim carve-out financial statements.

## 2. Basis of Preparation

**Statement of compliance**

The condensed interim carve-out financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and comply with IAS 34. These condensed interim carve-out financial statements does not include all of the information required of full audited financial statements and it is therefore recommended that these condensed interim carve-out financial statements be read in conjunction with the annual financial statements for the year ended December 31, 2020.

These condensed interim carve-out financial statements were authorized for issue by the Directors on •, 2021.

**Basis of measurement**

These condensed interim carve-out financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these condensed interim carve-out financial statements have been prepared using the accrual basis of accounting.

The operating results reflected in the carve-out statements of loss and comprehensive loss include allocations for certain finance and administrative functions historically provided by the Company, including, but not limited to, insurance, information technology, and professional fees. The costs related to these services have been allocated to the carve-out statements on the basis of direct usage when identifiable, based on the Company's existing reporting structure; otherwise they have been allocated on a pro-rata basis based on other measures considered to be a reasonable reflection of the historical usage of these services.

Significant allocations affecting the operating results of the Company include:

- *Executive and administrative compensation*

  Executive and administrative compensation represents an allocation of the costs paid for centrally by the Company in relation to key executives and administrative functions. The allocation was determined based on the relative time and effort of key management and administrative personnel at the Company level related to managing and operating the Patents.

  *Corporate cost allocations*

  Corporate cost allocations represent the allocation of the costs paid for centrally by the Company in relation to transactions or other business activities such as rent and insurance premiums. The allocation is determined based on underlying driver specific to each cost.

On the carve-out statement of financial position, the majority of assets and liabilities in these condensed interim carve-out financial statements are directly identifiable and have been carved out on the basis of the Company's existing reporting structure. Also included in these condensed interim carve-out financial statements, is the resulting Company net investment arising from corporate allocations and the net funding provided to/from other non-carve-out related divisions within the Company.

## 2. Basis of Preparation *(continued)*

Management believes the assumptions underlying these condensed interim carve-out financial statements are reasonable. Nevertheless, the condensed interim carve-out financial statements herein may not include all of the costs that would have been incurred by the Company had it operated as a standalone entity during the periods presented. Actual costs that would have been incurred had the Company operated on a standalone basis would depend on multiple factors, including organization structure, underlying infrastructure, or other areas that would have been driven by strategic or operational decisions.

**Functional and presentation currency**

These condensed interim carve-out financial statements are presented in Canadian dollars. The Company's functional currency is South Korean Won.

**Use of estimates and judgements**

The preparation of these condensed interim carve-out financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the years. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed interim financial statements have been prepared using the same judgments, estimates and assumptions as reported in the Company's December 31, 2020 audited annual financial statements.

## 3. Summary of Significant Accounting Policies

These condensed interim carve-out financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2020 and should be read in conjunction with those annual financial statements and the notes thereto.

## 4. Financial Instruments and Risk Management

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit, liquidity, and market risk because of holding certain financial instruments. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk Management is carried out by senior management.

**Fair Value**

The Company's financial instruments consist of cash and cash equivalents, receivables, account payables and accrued liabilities and long-term debt. The carrying amounts of current assets and liabilities approximate their fair value due to their short period to maturity. The carrying value of long-term debt approximates fair value due to the market rate of interest attached to the debt.

IFRS establishes a three-level hierarchy that prioritizes the inputs relative to the valuation techniques used to measure fair value. Fair values of assets and liabilities included in Level 1 of the hierarchy are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair value of assets and liabilities in Level 2 are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair value of assets and liabilities in Level 3 are determined based on inputs that are unobservable and significant to the overall fair value measurement. Accordingly, the Company has categorized its financial instruments carried at fair value into one of three Classification of financial instruments per category:

| Financial Instrument | Classification and measurement |
|---|---|
| Cash and cash equivalents | Amortized cost |
| Receivables | Amortized cost |
| Trade and other payables | Amortized cost |

## 4. Summary of Significant Accounting Policies *(continued)*

**Credit risk**
Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

The maximum exposure of financial assets to credit risk relate to cash and cash equivalents and receivables.

Receivables and other current assets are dispersed to various customers. As a result, the credit risk is not focused. Cash and cash equivalents are held with major Korean financial institutions and as a result management considers credit risk to be low.

**Liquidity risk**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and credit facilities to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services.

The Company has sufficient working capital to meet obligations as they come due provided long-term debt holder does not demand repayment.

**Interest rate risk**
The Company is not exposed to significant interest rate risk as it does not have any variable rate, interest bearing financial instruments.

## 5. Net Investment

Net investment represents the initial and historical contributions by the Company, and allocation of the Company’s historical and any subsequent contributions associated with the Patents development costs needs.

## 6. Property and Equipment

| **Cost** | Machinery | Vehicles | Office equipment | Total |
|---|---|---|---|---|
| Balance at December 31, 2020 | 489,496 | 46,664 | 168,372 | 704,532 |
| Additions | - | 59,045 | - | 59,045 |
| **Balance at March 31, 2021** | 489,496 | 105,709 | 168,372 | 763,577 |
| | | | | |
| **Accumulated amortization** | | | | |
| Balance at December 31, 2020 | 202,969 | 778 | 117,680 | 321,427 |
| Depreciation | 24,475 | 3,317 | 8,418 | 36,210 |
| **Balance at March 31, 2021** | 227,444 | 4,095 | 126,098 | 357,637 |
| Carrying amounts | | | | |
| At December 31, 2020 | **286,527** | **45,886** | **50,692** | **383,105** |
| **At March 31, 2021** | **262,052** | **101,614** | **42,274** | **405,940** |

## 7. Intangible Assets

| **Cost** | Patents | Software | Total |
|---|---|---|---|
| Balance at December 31, 2020 | **1,946,352** | **30,643** | **1,976,995** |
| Additions | - | - | - |
| **Balance at March 31, 2021** | **1,946,352** | **30,643** | **1,976,995** |
| **Accumulated amortization** | | | |
| Balance at December 31, 2020 | **658,440** | **10,681** | **669,121** |
| Amortization | 97,318 | 1,532 | 98,850 |
| **Balance at March 31, 2021** | 755,758 | 12,213 | 767,971 |
| Carrying amounts | | | |
| At December 31, 2020 | **1,287,912** | **19,962** | **1,307,874** |
| **At March 31, 2021** | **1,190,594** | **18,430** | **1,209,024** |

## 8. Right of Use Asset and Lease Liability

| **Right of Use Assets** | **Building** | **Vehicle** | **Total** |
|---|---|---|---|
| **Cost:** | | | |
| Balance December 31, 2020 | 173,572 | - | 173,572 |
| Additions during the year | - | 42,801 | 42,801 |
| Disposal in the year | - | - | - |
| Balance March 31, 2021 | 173,572 | 42,801 | 216,373 |
| **Amortization:** | | | |
| Balance December 31, 2020 | 65,090 | - | 65,090 |
| Additions during the year | 21,697 | 1,805 | 23,502 |
| Disposal in the year | - | - | - |
| Balance March 31, 2021 | 86,787 | 1,805 | 88,592 |
| **Net book value:** | | | |
| Balance December 31, 2020 | **108,482** | **-** | **108,482** |
| Balance March 31, 2021 | **86,785** | **40,996** | **127,781** |

## 8. Right of Use Asset and Lease Liability *(continued)*

| **Lease liability** | **2021** | **2020** |
|---|---|---|
| Balance December 31, 2020 | **114,906** | **104,443** |
| Additions during the year | 42,801 | 173,572 |
| Lease disposal | - | (74,120) |
| Lease payments made | (25,393) | (32,714) |
| Accretion | 2,504 | 1,763 |
| Foreign exchange | (6,075) | 4,229 |
| Balance March 31, 2021 | **128,743** | **177,173** |
| Current portion | 101,083 | 85,357 |
| Non-current portion | 27,660 | 91,816 |

The Company's minimum lease payments are as follows:

| | **2021** | **2020** |
|---|---|---|
| Within one year | 107,408 | 95,496 |
| Later than one year but not later than two years | 15,709 | 95,496 |
| Later than two years | 14,624 | - |
| Note Minimum lease payments | 137,741 | 190,992 |
| Amount representing finance charge | (8,998) | (13,819) |
| Present value of net minimum lease payments | 128,743 | 177,173 |

## 9. Related Party

Included in trade payables and accrued liabilities, is a loan outstanding of $951 (2019 - $Nil) from shareholders which is non-interest bearing, unsecured and due on demand.

## 10. Long term borrowings

Details of long term borrowings are as follows:

| Account | Type | Interest rate (%) | Maturity date | March 31, 2021 |
|---|---|---|---|---|
| Korea SMEs and Startups Agency | Youth startup loan | 2.00 | May 2023 | 64,296 |
| | Stability of Mgmt. loan. | 2.71 | March 2024 | 222,787 |
| Sub-total | | | | 287,083 |
| Less: current portion | | | | (151,996) |
| Total | | | | 135,087 |

## 11. Subsequent Events

On April 30, 2021, Power Republic Corp. (the "Company") and PR Korea Co. Ltd. ("PR Korea") (together "PR Group") entered into an Asset Transfer Agreement (the "Agreement") with PR Technology Inc. ("PRT") in which PR Korea will transfer certain assets to PRT (the "Transaction"). PR Group is related to PRT as the Company is the parent company of PR Korea and PR Korea is the parent company of PRT.

Pursuant to the Agreement, PR Korea, a wholly own subsidiary of the Company transferred cash of $1.5 million and certain intangible assets relating to the wireless power transfer technology (the "Assets") including the shares of its wholly own subsidiary, PRT Korea, to PRT. The Assets consists of various patents and intellectual property relating to wireless power transfer technology having an approximate fair value of $3.2 million with a carrying value of approximately $1.3 million. PR Group and PRT are entities under common control. As consideration, PR Technology Inc issued 96,480,000 common shares to existing shareholders of the Company.

On May 27th, 2021, PRT entered into a subscription agreement with Columbia Capital Inc. and issued a subscription receipt certificate to Columbia Capital Inc., as an advisory success fee, (i) 5% of the issued and outstanding shares of PRT, which is expected to be 4,824,000 shares and (ii) a purchase option to acquire another 4,824,000 shares exercisable for a period of two years from the listing date at an exercise price equal to the greater of the market closing price on the first day of trading or the 15-day average closing price on the first 15 calendar days, starting from the first day of trading.

## SCHEDULE "H"

## MD&A FOR THE CARVE-OUT FINANCIAL STATEMENTS OF THE BUSINESS FOR THE THREE MONTHS ENDED MARCH 31, 2021

(See attached)

# POWER REPUBLIC CORP.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

# YEAR ENDED MARCH 31, 2021

# (EXPRESSED IN CANADIAN DOLLARS)

The Management Discussion and Analysis ("MD&A"), prepared March 31, 2021 should be read in conjunction with the audited carve-out financial statements and notes thereto for the years ended March 31, 2021 and 2020 of Power Republic Corp. ("PR" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Also, the MD&A reflects the operations, results and financial positions for the patents of wireless power transfer technology (the "Patents"), which have been transferred to PR Technology Inc. ("PRT") in May 2021. All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute "forward looking" information which involve risk, uncertainties and other factors which may cause the actual results, activities or performance of the Group, or the industry in which they operate, to be materially different from any future results, activities or performance stated or implied by such forward-looking statements. All statements other than statements of historical fact may be forward-looking information. When used in this MD&A, the words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar import, are intended to identify any forward-looking information.

These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors that could case actual results to differ materially from the forward looking information, including market and business conditions, the company's ability to successfully implement its business plan, or raise sufficient capital, change to government policies, currency fluctuations, weather conditions, competition, the company's ability recruit and retain key executives and assistive personnel, and other risks. Although the statements contained in this MD&D are based upon what management believe to be reasonable assumptions, the company cannot assure investors that actual result will be consistent with these statements. The company does not undertake to update forward looking information at any particular time whether as a result of new information, future events or otherwise, except as required by law.

## OVERVIEW

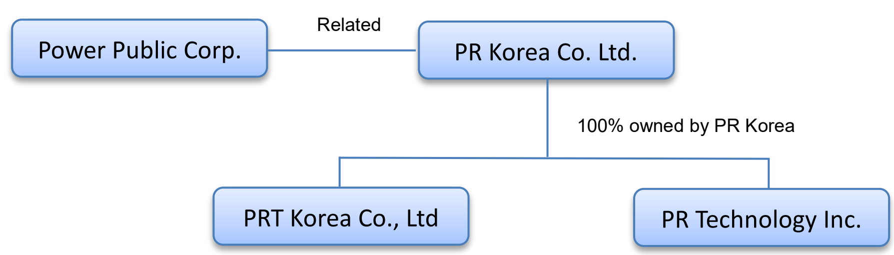
Power Republic Corp. (the "Company") was incorporated in the Republic of Korea in December 2016 and developed magnetic resonant wireless power transfer technology.

When established, the Company received assets related to wireless power transfer ("WPT") business including goodwill and patents from its predecessor, Power Republic Alliance Corp and developed various products mostly for Korean customers. On April 23rd, 2019, the Company incorporated PR Technology Inc. in British Columbia, Canada and became the shareholder of PR Technology Inc to proceed the listing process to be listed on Canadian Securities Exchange ("CSE") and expand its business in North America. In addition, the Company incorporated two additional entities: PR Korea Co., Ltd on July 22nd, 2020, as well as PRT Korea Co., Ltd. as a subsidiary of PR Korea Co., Ltd. on September 1st, 2020. Then, the Company transferred almost all its assets to PR Korea Co., Ltd including its entire shares of PR Technology through a comprehensive asset transfer agreement on October 15, 2020.

## OVERVIEW

On May 27, 2021, the Company, through its subsidiary, PR Korea Co. Ltd., transferred cash and certain assets including the shares of PRT Korea Co., Ltd. held by PR Korea to PR Technology Inc. pursuant to the asset transfer agreement and PR Technology issued 96,480,000 common shares to existing shareholders of the Company in exchange for those assets. Also, the Company issued a subscription receipt certificate to Columbia Capital Inc., as an advisory success fee, (i) 5% of the Company's issued and outstanding shares, which is expected to be 4,824,000 shares and (ii) a purchase option to acquire another 4,824,000 shares exercisable for a period of two years from the listing date at an exercise price equal to the greater of the market closing price on the first day of trading or the 15-day average closing price on the first 15 calendar days, starting from the first day of trading. Subject to approval by the regulatory, PR Technology plans to be the listed on CSE and its subsidiary, PRT Korea will be an operating company to manage business and R&D in Korea whereas the rest of related entities; Power Republic and PR Korea will be dissolved.

Corporate Structure as of March 31st, 2021




## DESCRIPTION OF BUSINESS BY SECTOR

### WPT Systems for Factory automation including RGV (Rail Guided Vehicle)

The Company is primarily focused on developing WPT systems in the automobile industry for RGVs used on the factory floor in manufacturing faculties. The Company's RGV WPT technology is based on the magnetic resonance technology and includes transmitters ("Tx") and receivers ("Rx"). The receivers are installed on the RGVs and the transmitters are installed at certain locations along the rail lines. The power is automatically transferred along the rail lines where transmitters are installed. This removes the need for wired charging of the RGVs resulting in improved productivity and reduced wear and tear.

Recently, the Company engaged in discussions with an automobile manufacturer in Korea to apply its WPT products in its manufacturing facility. The Company supplied sets of Tx and Rx samples to the manufacturer to test in the manufacturer's facility in Korea. The test samples were applied to RGVs in the manufacturer's automation facility and the results were positive. The Company demonstrated its products for members of the management of the manufacturer in both its domestic and overseas facilities. The Company and the manufacturer have executed a non-disclosure agreement and a non-binding letter of intent.

The Company is encouraged by the progress of these discussions and demonstrations to date and is actively pursuing a purchase order from this manufacturer.

## DESCRIPTION OF BUSINESS BY SECTOR

Wireless Charging for Mobile Devices

In the second half of 2020, the Company introduced a wireless cellphone charger called 'Hoguwatt' through a crowdfunding platform in Korea and sold over 200 units. However, the sales amount was not material, so it was applied against the research and development expenses in the Company's carve-out financial statements ended March 31, 2021. The Hoguwatt, based on magnetic resonance technology, can charge a device from a distance of three centimetres regardless of any physical obstacles and can be installed in a table. The Company continues to develop designs of applied products of Hoguwatt with market research.

Wireless Charging for Home Appliances

The Company developed a WPT system and wireless charger for home appliances including smart tables, electric toothbrushes, humidifiers, LED lights and Bluetooth speakers with a power range between 15W and 200W. The Company has determined that additional research and product development will be required to successfully commercialize these products, and that research and development is currently being conducted by the Company. Sample production was underway, however it has been put on hold while the Company focuses on other aspects of its Business. In order for the WPT system for home appliances to be ready for commercialization, the Company will need to finish sample production, complete testing, and make any modifications.

Wireless Drone Charging Systems

The Company's wireless charging station for drones enables drones to charge wirelessly by automatic sensor when they approach the station, which is not possible with existing plug-in drone charging systems. The charging station for drones are equipped with a supply system suitable for fast charging and can be used in a variety of industries including military, security, rescue, reconnaissance, logistics and agriculture. The Company implemented pilot projects and supplied its drone wireless charging system and station to the Korea Aerospace Research Institute and Korean Express Corporation.

On February 24, 2021, the Company signed a memorandum of understanding with LIG Nex1 Co., Ltd. a South Korean aerospace manufacturer and defense company, to develop an aviation drone business together and whereby both companies will collaborate and expand the drone business in the defence and private aviation sectors. Both companies will jointly research and develop future air drone technologies in the defence and private sectors and promote various activities such as mass production and export.

LIG Nex1 Co., Ltd. will be in charge of the overall development of the aviation drone field while the Company will be in charge of developing WPT systems for drones and unmanned aerial vehicles. The Company expects to be able to provide a prototype to LIG Nex1 Co., Ltd. for a domestic defence exhibition in Korea in November 2021. The Company anticipates it will take approximately six months to 2 years for commercialization.

Wireless LED Lights

The Company has developed wireless LED lights for use in consumer products, mainly toys and fish tanks, called the 'Lightning Bug'. In 2017, the Company supplied 50,000 product modules of Lightning Bugs to a Japanese company. However, the Company has no further sales of the Lightning Bug to date.

## OUTLOOK

In 2020, Covid-19 pandemic had a significant impact on global financial markets experiencing significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

The extent of the impact of such emergency measures, will depend on future development, including the duration and severity of COVID-19 in the local markets in which we operate, which are uncertain and cannot be predicted.

**SELECTED ANNUAL INFORMATION**

The following is a summary of certain selected annual information for the most recent two fiscal years.

| | | Year Ended March 31, 2021 (Unaudited) | | Year Ended December 31, 2020 (Audited) |
|---|---|---|---|---|
| Total Assets | $ | 3,970,729 | $ | 4,487,439 |
| Total Liabilities | | 852,470 | | 752,929 |
| Total Net Investment | | 3,118,259 | | 3,734,510 |
| Total loss and comprehensive loss | | (731,795) | | (1,827,215) |
| Cash & Cash equivalent | | 2,002,484 | | 2,588,801 |

**RESULTS OF OPERATIONS**

The following table is a summary of certain unaudited consolidated statements of operation data for the quarter ended March 31, 2021, compared to the quarter ended March 31, 2020.

| | | Year Ended March 31, 2021 | | Year Ended March 31, 2020 |
|---|---|---|---|---|
| Expenses | | | | |
| Salaries, wages and employee benefits | $ | 179,429 | $ | 222,704 |
| Depreciation and amortization | | 158,562 | | 134,632 |
| Research and development | | 62,538 | | 18,235 |
| General and administrative | | 241,464 | | 82,117 |
| Interest | | 4,370 | | 3,702 |
| Total expenses | | 646,363 | | 461,390 |

As of March 31, 2021, the Company's carve-out expenses increased by $184,973 compared to 2020 and this increase was mostly drive by General and administrative.

Salaries, wages and employee benefits decreased by $43,275 and Research and development increased by $44,303. General and administrative expenses mainly include rent, utilities, and other office expenses allocated to the patents development cost and increased by $159,347.

**SUMMARY OF QUARTERLY RESULTS**

The Company has not previously prepared quarterly financial information.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Company's cash and cash equivalents was $2,002,484 and has sufficient working capital to meet obligations as they come due provided long-term debt holder does not demand repayment.

## OFF-BALANCE SHEET ARRANGEMENTS

As at of March 31, 2021, the Company had no off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

As at of March 31, 2021, the Company had a loan outstanding of $951 (2019 - $Nil) from shareholders which is non-interest bearing, unsecured and due on demand.

## FINANCIAL INSTRUMENTS

Financial assets within the scope of IFRS 9 are classified upon initial recognition based on the Company's business model for managing the financial assets into one of the following categories: amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, the Company includes transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in the statement of loss and comprehensive loss.

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of loss and comprehensive loss.

The recognition of financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in the statement of loss and comprehensive loss based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in the statement of loss and comprehensive loss.

**FINANCIAL INSTRUMENTS**

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

The Company has classified its financial instruments' fair values based on the required three-level hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and 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, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety..

**CRITICAL ACCOUNTING ESTIMATES**

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.
Estimates.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used.

**RISKS AND UNCERTAINTIES**

PR shareholders and potential investors in PR should carefully consider the following risk factors and all the other information contained in this MD&A when evaluating PR and its common shares.

An investment in the Company's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks, which are deemed to be material to the Company's business or the results of its operations. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

## RISKS AND UNCERTAINTIES

### Covid-19

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

### Reliance on Management

The Company relies on key employees and staff members. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

### Operating History

The Company has a limited history of operations. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of the Company's early stage of operations.

### Negative operating cash flow

The Company currently has a negative operating cash flow and may continue to have that for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations.

### Insufficient capital and financing requirements

The Company does not currently have any revenue producing products and may, from time to time report a working capital deficit. The Company will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to us and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all, may not obtain the capital required by other means. A failure to raise capital when needed would have a material adverse effect on the Business, and may require the Company to delay, limit, reduce, or cease operations. Any future issuance of Common Shares to raise required capital will likely be dilutive to shareholders. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the mining industry in particular), the Company's status as a new enterprise with a limited history, and/or the loss of key management personnel.

## RISKS AND UNCERTAINTIES

### Development of the business of the Company

The development of the Business and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

### Management of Growth

The Company initially intends to outsource its production to third party manufacturers. After achieving a certain level of sales, the Company plans to establish its own manufacturing facilities. The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### Inability to protect intellectual property

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. Third parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and expand its intellectual property portfolio. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its technology and brand may be harmed, which could have a material adverse effect on the Company's business and might prevent its technology and brad from achieving or maintaining market acceptance.

### Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if

**RISKS AND UNCERTAINTIES**

quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

**Breach of confidentiality**

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business form a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable measures, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

**Conflicts of Interest**

Certain of the Company's directors and officers also serve as directors and/or officers of other companies involved in in similar industries to the Company [NTD: Company to confirm]. Consequently, there is a possibility that a conflict could arise for such directors and officers. Any Company-related decision made by any of these directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith and to act in the best interests of the Company and its shareholders, however there can be no assurance that such conflicts will not adversely affect the Company.

**Legal claims and other contingencies**

There are no legal claims or proceedings filed against the Company. However, there is a possibility that the Company and its subsidiaries may become parties to lawsuits and claims arising in the ordinary course of business which could adversely affect the Business. Such lawsuits could result in significant costs and the outcome of such lawsuits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

**Difficult to forecast sales**

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition.

As at the date of this MD&A, there are no formal agreements in place for the sale of the Company's products, which increases the risk inherent in the Company's financial projections. There is no guarantee that the Company will achieve sufficient sales revenue to sustain its operations.

**Industry risks**

Wireless power transmission technology is an advanced technology. The standardization of WPT technology and larger power transmission could be found to have a negative impact on the human body. This may affect the commercialization of WPT technology.

## RISKS AND UNCERTAINTIES

### Competition

The Company will likely face intense competition from other companies, some of which have long operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in facilities and research and development to be able to compete on costs. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

*If the Company is unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected.*

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

### Economic conditions in Korea

PRTK, a subsidiary of the company in Korea, is incorporated in Korea and most of the Business is currently carried out in Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea. Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the ongoing trade disputes with Japan);
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- the occurrence of severe health epidemics in Korea and other parts of the world, such as the ongoing COVID-19 pandemic;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the Canadian dollar, U.S. dollar, Euro or Japanese Yen exchange rates or revaluation of the Chinese Yuan, as well as the impact from the United Kingdom's exit from the European Union on the value of Korean Won), interest rates, inflation rates or stock markets;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Korean government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;

**RISKS AND UNCERTAINTIES**

- the economic impact of any pending free trade agreements or changes in existing free trade agreements; social and labor unrest;
- decreases in the market prices of Korean real estate;
- decrease in tax revenue coupled with a substantial increase in the Korean government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs that would lead to an increased Korean government budget deficit;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues at certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geo-political uncertainty and the risk of further attacks by terrorist groups around the world;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- increased reliance on exports to service foreign currency debts, which could cause friction with Korea's trading partners;
- the continued growth of the Chinese economy, to the extent its benefits (such as increased exports to China) are outweighed by its costs (such as competition in export markets or for foreign investment and the relocation of manufacturing bases from Korea to China);
- political or social tensions involving Russia and any resulting adverse effects on the global supply of oil or the global financial markets; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or North America.

**Foreign Currency Risk**

The Company is subject to foreign currency exchange risk which may negatively impact its competitiveness, net sales, net earnings and cash flow driven by movements of the Canadian dollar relative to other currencies. A weakening of the currencies in which the Company generates sales relative to the currencies in which costs are denominated may have a material adverse effect on the Company's net earnings and cash flow. The use of different currencies exposes the Company to the risk of foreign currency fluctuations, which are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may also affect the Company's ability to achieve sales growth. A weakening of foreign currencies in which the Company generates sales relative to the Canadian dollar would decrease its net sales. Accordingly, its reported net earnings may be negatively affected by changes in foreign exchange rates.

**Financial instability in other countries**

As most of the Business is currently carried out in Korea, the Company may be affected by the impact of financial instability in countries other than Korea. The Korean market and economy are influenced by economic and market conditions of other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Korean economy.

## RISKS AND UNCERTAINTIES

### Foreign Countries and Political Risk

Most of the Business is carried out in Korea and the Company may expand operations into other foreign countries, where operating activities may be affected in varying degrees by political instability and changes in government regulations such as tax laws, business laws and environmental laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, consumer protection, income taxes and environmental legislation.

### Tensions with North Korea

As most of the Business is currently carried out in Korea, the Company is subject to the impact of the tensions between the Republic of Korea and North Korea. Relations between the Republic of Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase or change abruptly as a result of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programs and increase uncertainty regarding North Korea's actions, particularly in light of possible response from the international community. There can be no assurance that the level of tension will not escalate further in the future.

**SCHEDULE "I"**

**UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2020**

(See attached)

# PR Technology Inc.

## Unaudited Pro Forma Financial Statements

*(Prepared by management)*

*(stated in Canadian Dollars, unless otherwise noted)*

*As at December 31, 2020*

# PR Technology Inc.

Unaudited Pro Forma Statement of Financial Position

*(stated in Canadian Dollars)*

As at December 31, 2020

| | PR Technology Inc. | Proforma Adjustments | | Pro forma Consolidated |
|---|---|---|---|---|
| | | **Transactions** | **Note** | |
| **Assets** | | | | |
| **Current Assets** | | | | |
| Cash | 1,774 | 1,500,000 | 3 | 1,501,774 |
| **Total Current Assets** | 1,774 | 1,500,000 | | 1,500,000 |
| **Long-Term Assets** | | | | |
| Intangible assets | - | 1,307,874 | 3 | 1,307,874 |
| Investment | - | 3,300 | 3 | 3,300 |
| **Total Assets** | 1,774 | **2,811,174** | | 2,812,948 |
| **Liabilities and Shareholders' Equity** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | 6,500 | - | | 6,500 |
| Note payable | 2,000 | - | | 2,000 |
| Due to related party | 1,000 | - | | 1,000 |
| **Total Liabilities** | 9,500 | - | | 9,500 |
| **Shareholders' Equity (Deficiency)** | | | | |
| Share capital | 100 | 2,811,174 | 3 | 2,811,274 |
| Deficit | (7,826) | - | | (7,826) |
| Shareholders' equity (deficiency) | (7,726) | 2,811,174 | | 2,803,448 |
| **Total Liabilities and Shareholders' equity** | 1,774 | **2,811,174** | | 2,812,948 |

## 1. Proposed Transaction

On April 30, 2021, PR Technology Inc. (the "Company") entered into an Asset Transfer Agreement (the "Agreement") with Power Republic Corp. ("PR") and PR Korea Co., Ltd. ("PR Korea") (together "PR Group") in which the Company will receive certain assets from the PR Group (the "Transaction"). The PR group is related to the Company as PR Korea is the parent company of the Company and PR is the parent company of PR Korea.

The principal business of the PR Group is the research and development of wireless power transfer technology.

## 2. Basis of Presentation

The unaudited pro forma statement of financial position of the Company gives effect to the Transaction described above. These unaudited pro forma financial statements (the "Pro Forma Financial Statements") are prepared to illustrate the impact of the transfer of assets. The Pro Forma Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies used in the preparation of the Pro Forma Financial Statements are those set out in the Company's annual audited financial statements and PR's annual audited carve-out financial statements for the year ended December 31, 2020 and as such should be read in conjunction with such annual audited financial statements.

The unaudited pro forma statement of financial position as at December 31, 2020 have been prepared from information derived from the Company's audited financial statements and PR's audited carve-out financial statements as at December 31, 2020.

The pro forma adjustments include all those transactions attributable to the Transaction for which the complete financial effects are objectively determinable.

The Pro Forma Financial Statements are not intended to reflect the results of operations or the financial position that would have actually resulted had the Transaction been effected on the date indicated or the results which may be obtained in the future.

The pro forma adjustments reflecting the Transaction are based on certain estimates and assumptions. The Company's management believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the Transaction contemplated and that the Pro Forma Financial Statement adjustments give appropriate effect to those adjustments and are properly applied in the Pro Forma Financial Statements.

The Pro Forma Financial Statements are based on estimates and assumptions set forth in the notes herein. The Pro Forma Financial Statements are being provided solely for informational purposes and are not necessarily indicative of the Company's future financial position or of the financial position that might have been achieved for the period indicated; nor is it necessarily indicative of future results that may occur.

## 3. Asset Transfer Agreement

According to the Agreement, PR Korea will transfer cash of $1,500,000, certain intangible assets relating to wireless power transfer technology and shares of its wholly own subsidiary to the Company in exchange for 96,480,000 common shares of the Company being issued to the shareholders of PR. The transfer of assets was considered as a common control transaction for accounting purposes and recorded at the carrying value of the assets being transferred, being $1,307,874 and $3,300 for the intangible assets and investment, respectively. As part of the Agreement, no liabilities of the PR Group are being transferred to the Company.

*(stated in Canadian Dollars, unless otherwise stated)*

## 4. Pro Forma Share Capital

A continuity of the pro forma consolidated share capital is as follows:

| | *Note* | *Number of shares* | *Amount* |
|---|---|---|---|
| Company's shares at December 31, 2020 [1] | | 100 | $ 100 |
| Issued as consideration | **3** | 96,480,000 | 2,811,174 |
| | | 96,480,100 | $2,811,274 |

## 5. Taxes

The effective tax rate of the Company is 27%.

[1] Concurrent with the closing of the Transaction the 100 initial common shares of the Company will be cancelled

**SCHEDULE “J”**

**MANDATE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

## I. PURPOSE

The primary function of the audit committee (the "**Audit Committee**") of the board of directors (the "**Board of Directors**" or "**Board**") of PR Technology Inc. ("**PRT**" or the "**Corporation**") is to assist the Board in fulfilling the Board's responsibilities by reviewing: (a) the financial reports and other financial information provided by PRT to any governmental body or the public; (a) PRT's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and (c) PRT's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should endeavour to encourage continuous improvement of, and should endeavour to foster adherence to, the Corporation's policies, procedures and practices at all levels. In performing its duties, the external auditor of the Corporation is to report directly to the Audit Committee.

## II. OBJECTIVES

The Audit Committee's primary objectives are:

1. to assist the Board to meet its responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;

2. to provide better communication between directors and external auditors;

3. to assist the Board's oversight of the auditor's qualifications and independence;

4. to assist the Board's oversight of the credibility, integrity and objectivity of financial reports;

5. to strengthen the role of the outside directors by facilitating discussions between directors on the Audit Committee, management and external auditors;

6. to assist the Board's oversight of the Corporation's compliance with legal and regulatory requirements; and

7. to review the risks that may affect the Corporation and the risk management policies and procedures of the Corporation.

## III. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors, none of whom are members of management of PRT and, except as otherwise permitted in National Instrument 52-110 ("**NI 52-110**"), all of whom are "independent" and "financially literate" (as such terms are defined in NI 52-110). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise, as the Corporation's Board of Directors interprets such qualification in its business judgment.

The members of the Audit Committee shall be appointed by the Board of Directors by resolution and remain as members of the Audit Committee until their successors are duly appointed. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

## IV. MEETINGS

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee should meet at least annually with management, internal auditors (if any) and the independent auditors to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee or at least its Chair should meet with the independent auditors and management quarterly to review the Corporation's financial statements and MD&A consistent with Section V.4 below. The Audit Committee should also meet with management and independent auditors on an annual basis to review and discuss annual financial statements and the management's discussion and analysis of financial conditions and results of operations. Attached as Schedule "A" is an example of an annual meeting schedule/agenda.

A quorum for meetings of the Audit Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Audit Committee shall be the same as those governing the Board.

## V. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall endeavour to:

***Documents/Reports Review***

1. Review and, if deemed appropriate, update this Mandate, as conditions dictate.

2. Review and recommend to the Board the organization's annual and interim financial statements, MD&A, earnings press releases and review any reports or other financial information submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the independent auditors.

3. Review the reports to management prepared by the independent auditors and management's responses.

4. Review with financial management and the independent auditors the quarterly financial statements prior to their filing or prior to the release of earnings. The Chair of the Audit Committee may represent the entire Audit Committee for purposes of this review.

5. Review significant findings during the year, including the status of previous significant audit recommendations.

6. Periodically assess the adequacy of procedures for the review of corporate disclosure that is derived or extracted from the financial statements.

7. Periodically discuss guidelines and policies to govern the processes by which the Chief Executive Officer and senior management assess and manage the Corporation's exposure to risk.

8. Report to the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, compliance with legal or regulatory requirements, performance and independence of the Corporation's auditors, or performance of the internal audit function.

9. Reviewing any inquiry or investigation by governmental or professional authorities respecting any independent audits carried out on the Corporation and any steps to deal with any such issues.

***Independent Auditors***

10. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.

11. Approve the compensation of the external auditors.

12. On an annual basis, the Audit Committee should review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence.

13. Review and, as appropriate, resolve any material disagreements between management and the independent auditors and review, consider and make a recommendation to the Board regarding any proposed discharge of the auditors when circumstances warrant.

14. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

15. Periodically consult with the independent auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.

16. Periodically assess the Corporation's internal controls, including Corporation's risk management processes.

17. Review the audit scope and plan of the independent auditor.

18. Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for PRT.

19. Pre-approve the completion of any non-audit services by the external auditors and, with the assistance of the auditors, determine which non-audit services the external auditor is prohibited from providing. The Audit Committee may delegate to one or more members of the Audit Committee authority to pre-approve non-audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Audit Committee member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. The Audit Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if:

    (a) the pre-approval policies and procedures are detailed as to the particular service;

    (b) the Audit Committee is informed of each non-audit service; and

(c) the procedures do not include delegation of the Audit Committee's responsibilities to management.

The Audit Committee will satisfy the pre-approval requirement set forth in this paragraph if:

(a) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by PRT and its subsidiary entities to the auditors during the fiscal year in which the services are provided;

(b) PRT or a subsidiary entity, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(c) the services are promptly brought to the attention of the Audit Committee and approved, prior to completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.

***Financial Reporting Processes***

20. In consultation with the independent auditors, review the organization's financial reporting processes and the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

21. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent auditors or management.

22. Review risk management policies and procedures of PRT (i.e. litigation and insurance).

***Process Improvement***

23. Request reporting to the Audit Committee by each of management and the independent auditors of any significant judgments made in the management's preparation of the financial statements and the view of each group as to appropriateness of such judgments.

24. Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

25. Review any significant disagreements among management and the independent auditors in connection with the preparation of the financial statements.

26. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review may be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.)

27. Conduct and authorize investigations into any matters brought to the Audit Committee's attention and within the Audit Committee's scope of responsibilities. The Audit Committee shall

be empowered to retain and to approve compensation for any independent counsel and other professionals to assist in the conduct of any investigation.

28. Review the systems that identify and manage principal business risks.

29. Assist with the establishment of a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, which procedure shall be set forth in a "Whistle Blower Policy" to be adopted by the Board in connection with such matters.

***Ethical and Legal Compliance***

30. Assist with the establishment of a Code of Business Conduct and Ethics, Anti-Corruption and Whistle Blower Policy and ensure that management has established a system to enforce these materials.

31. Review management's monitoring of the Corporation's compliance with the Code of Business Conduct and Ethics, Anti-Corruption and Whistle Blower Policy.

32. In consultation with the auditors, consider the review system established by management regarding the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public in the context of the applicable legal requirements.

33. Review with the Corporation's auditors or counsel, as appropriate, any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulators or government agencies.

***Other***

34. Perform any other activities consistent with this Charter, PRT's Articles and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

35. In connection with the performance of its responsibilities as set forth above, the Audit Committee shall have the authority to engage outside advisors and to pay outside auditors and advisors.

***Standards of Liability***

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of its Committees. The purposes and responsibilities outlined in this mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

**SCHEDULE "A" TO THE MANDATE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**Example of Audit Committee Meeting Agenda for Year**

As noted previously, it is important to review the completeness of the Audit Committee charter as well as the agenda established for each meeting. The following is an example of topics that could be covered in each Audit Committee meeting. This example assumes a December year-end with four audit committee meetings scheduled in connection with quarterly earning releases

| Charter step | | Scheduled Meetings | | | |
|---|---|---|---|---|---|
| | | **May** | **August** | **November** | **April** |
| **I.** | **Audit Committee Purpose** | | | | |
| | Conduct special investigations | * | * | * | * |
| **II.** | **Audit Committee Composition and Meetings** | | | | |
| | Assess independence and financial literacy of Audit Committee | | | | X |
| | Establish number of meetings | | | | X |
| | Audit Committee Chair to establish meeting agenda | | | | X |
| | Enhance financial literacy - update on current financial events | X | X | X | X |
| | Executive sessions with auditors, management, committee | X | X | X | X |
| **III.** | **Audit Committee Responsibilities and Duties** | | | | |
| 1. | Review mandate, publish relevant information in proxy | | | | X |
| 2. | Review annual financial statements - discuss with management, auditors | | | | X |
| 3. | Consider internal controls and financial risks | | | | X |
| 4. | Review quarterly results and findings | X | X | X | |
| 5. | Recommend appointment of auditors | | | | X |
| 6. | Approve audit fees | | | | X |
| 7. | Discuss auditor independence | | | | X |
| 8. | Review auditor plan | | | X | X |
| 9. | Discuss year-end results | | | X | X |
| 10. | Discuss quality of accounting principles | * | * | * | X |
| 11. | Review legal matters with counsel and auditors | | * | | X |
| 12. | Prepare report to shareholders | | | | X |
| 13. | Perform other activities as appropriate | * | * | * | * |
| 14. | Maintain minutes and report to Board of Directors | X | X | X | X |
| 15. | Report on Code of Conduct and Whistleblower Policy | X | X | X | X |
| 16. | Perform self-assessment of Audit Committee performances | | | | X |
| 17. | Review financial personnel succession planning | | | | X |
| 18. | Review director and officer expenses and related party transactions | | | | X |

**X = Recommended Timing** *** = As Needed**

**CERTIFICATE OF THE COMPANY**

Dated: August 5, 2021.

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of the Province of British Columbia.

| | |
|---|---|
| By: *"Chang Guk Kim"* | By: *"Nicole Martignago"* |
| Name: Chang Guk Kim | Name: Nicole Martignago |
| Title: Chief Executive Officer and Director | Title: Chief Financial Officer |

On Behalf of the Board of Directors

| | |
|---|---|
| By: *"Doug H. Blakeway"* | By: *"Sean (Seyeon) Kim"* |
| Name: Doug H. Blakeway | Name: Sean (Seyeon) Kim |
| Title: Director | Title: Director |

**CERTIFICATE OF THE PROMOTER**

Dated: August 5, 2021.

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of the Province of British Columbia.

By: *"Chang Guk Kim"*
Name: Chang Guk Kim
Title: Chief Executive Officer
and Director