

PR Technology Inc.
Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2022 and 2021
Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

PR Technology Inc.

Condensed Consolidated Interim Statements of Financial Position

Expressed in Canadian dollars

As at:

	Notes	March 31, 2022	December 31, 2021
ASSETS			
Current Assets			
Cash		\$ 98,485	\$ 494,695
GST receivable		48,372	46,026
Short term deposits		21,712	22,494
Inventory	7	20,732	23,472
Prepaid expenses and other current assets		31,833	23,937
Total Current Assets		221,134	610,624
Non-Current Assets			
Long term receivables	16	10,290	10,660
Plant and equipment	8	226,436	268,515
Intangible assets	9	831,038	929,649
Right of use assets	10	198,280	71,378
Deposits		75,220	77,925
Total Assets		\$ 1,562,398	\$ 1,968,751
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	11, 16	331,259	226,344
Advances from customers		-	4,891
Current portion of lease liabilities	10	94,702	49,195
Total Current Liabilities		425,961	280,430
Non-Current Liabilities			
Provision for severance liabilities	13	65,279	53,848
Lease liabilities	10	101,785	21,588
Total Liabilities		593,025	355,866
SHAREHOLDERS' EQUITY			
Share capital	15	4,734,756	4,734,756
Contributed surplus		8,723,739	8,723,739
Share-based compensation	15	545,636	219,503
Accumulated other comprehensive loss		(4,756)	(302)
Accumulated deficit		(13,030,002)	(12,064,811)
Total Shareholders' Equity		969,373	1,612,885
Total Liabilities and Shareholders' Equity		\$ 1,562,398	\$ 1,968,751

Nature of operations and going concern (Note 1)

Approved by the Board of Directors:

“D.H. Blakeway” (signed)
Director

“Sean Peasgood” (signed)
Director

PR Technology Inc.

Condensed Consolidated Interim Statements of Loss and Other comprehensive Loss

Expressed in Canadian dollars

For the three months ended March 31, 2022 and 2021

	Notes	2022	2021
Revenue		\$ 4,745	\$ -
Cost of Sales		1,913	-
Gross Profit (Loss)		2,832	-
Expenses			
Amortization and depreciation	8, 9, 10	160,273	158,562
Consulting	16	201,275	-
General and administrative		33,410	241,464
Professional fees		27,357	-
Research and development	16	82,362	62,538
Salaries, wages and employee benefits	16	114,892	197,886
Transfer agent and filing fees		3,750	-
Travel and entertainment		15,576	-
Share-based compensation	15, 16	326,133	-
Other expenses		1,154	-
Total Operating Expenses		966,182	660,450
Operating Loss		(963,350)	(660,450)
Other Income (Expenses)			
Foreign exchange gain (loss)		(1,801)	
Interest income (expense)		1	(9,339)
Other income		(41)	1,251
Total Other Income (Expenses)		(1,841)	(8,088)
Net Loss		(965,191)	(668,538)
Other Comprehensive Loss			
Unrealized loss on foreign currency translation		(4,454)	(87,985)
Total Comprehensive Loss		\$ (969,645)	\$ (756,523)
Loss per share – basic and diluted		\$ (0.01)	\$ (7,565.23)
Weighted average number of common shares – basic and diluted		101,304,000	100

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

PR Technology Inc.

Condensed Consolidated Interim Statements of Shareholders' Equity

Expressed in Canadian dollars, except number of shares

For the three months ended March 31, 2022 and 2021

	Share Capital		Net Investment	Contributed Surplus	Share-based Compensation	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Common Shares	Amount						
Balance December 31, 2020	100	\$ -	\$12,448,054	\$ -	\$ -	\$ (215,022)	\$ (8,462,951)	\$3,770,081
Net Investment (Note 14)	-	-	115,544	-	-	-	-	115,544
Translation to presentation	-	-	-	-	-	-	-	-
Currency	-	-	-	-	-	(87,985)	-	(87,985)
Net Loss	-	-	-	-	-	-	(668,538)	(668,538)
Balance March 31, 2021	100	\$ -	\$12,563,598	\$ -	\$ -	\$ (303,007)	\$ (9,131,489)	\$3,129,102
Balance December 31, 2021	101,304,000	\$ 4,734,756	\$ -	\$ 8,723,739	\$ 219,503	\$ (302)	\$(12,064,811)	\$1,612,885
Share-based compensation (Note 15)	-	-	-	-	326,133	-	-	326,133
Translation to presentation	-	-	-	-	-	-	-	-
Currency	-	-	-	-	-	(4,454)	-	(4,454)
Net Loss	-	-	-	-	-	-	(965,191)	(965,191)
Balance March 31, 2022	101,304,000	\$ 4,734,756	\$ -	\$ 8,723,739	\$ 545,636	\$ (4,756)	\$(13,030,002)	\$ 969,373

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

PR Technology Inc.

Condensed Consolidated Interim Statements of Cash Flows

Expressed in Canadian dollars

For the three months ended March 31, 2022 and 2021

	2022	2021
Operating Activities		
Net loss	\$ (965,191)	\$ (668,538)
Items not affecting cash:		
Depreciation and amortization	160,273	158,562
Provision for severance indemnities	13,572	18,456
Interest expense	1,154	7,473
Share-based compensation	326,133	-
Changes in non-cash working capital		
GST receivable	(2,346)	123
Inventory	1,913	-
Prepaid expenses and other current assets	(7,896)	(108,518)
Advances from customers	(4,891)	-
Trade payables and accrued liabilities	104,915	124,693
Cash flows used in operating activities	(372,364)	(467,748)
Investing Activities		
Lease payments	(29,091)	(48,898)
Additions to property and equipment	-	(59,045)
Cash flows used in investing activities	(29,091)	(107,943)
Financing Activities		
Net investment	-	115,544
Repayment of borrowings	-	(7,567)
Cash flows provided by financing activities	-	107,977
Foreign exchange effect on cash	5,245	(118,603)
Net decrease in cash	(396,210)	(586,317)
Cash and cash equivalents at the beginning of the year	494,695	2,588,801
Cash and cash equivalents at the end of the year	\$ 98,485	\$ 2,002,484

Supplemental disclosure with respects to cash flows (Note 19)

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

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) and listed on Canadian Securities Exchange ("CSE") on November 26, 2021.

On May 27, 2021, the Company completed an asset transfer arrangement with a company under common control, whereby it acquired patents of wireless power transfer technology and obtained control over its wholly-owned subsidiary, PRT Korea Inc (Note 5). As a result of this acquisition, the Company is in the business of research and development of wireless power transfer technology. The Company has accounted for the common control transaction under pooling interest method whereby the financial statements have been retrospectively restated as if the businesses had always been combined.

The head office and registered office of the Company is located at 1001, 1166 Alberni St., Vancouver British Columbia, V6E 3Z3. These consolidated 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, 2022, the Company has a negative working capital balance of \$204,827, and for the three months then ended March 31, 2022, cash flows used in operations of \$372,364 and a net loss of \$965,191. 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 consolidated 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 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. During the three months ended March 31, 2022, the labour force was affected as a result of COVID-19. There was no material impact on the operations of the Company and the carve-out financial statements the Company did not generate sales as planned but kept making efforts developing business.

Global market conditions may have affected market confidence and consumer spending patterns. The Company has reviewed its exposure from other emerging business risks but has not identified any other risks that could significantly impact the estimates used in the determination of the valuation of inventory, lease liability or the recoverable amount of its long-lived assets that will have a significant impact on the Company's financial performance or position.

Geopolitical tensions from the February 2022 Russian troop movements surrounding Ukraine may rise and create heightened oil market volatility that could negatively affect both our ability to execute our 2022 business plan and our financial condition. Movement of Russian military units into provinces in Eastern Ukraine, and trade and monetary sanctions in response to future developments, could significantly affect worldwide oil prices and demand and cause turmoil in the global financial system. This could materially affect our business and financial condition, along with our operating and development costs, making it difficult to execute our 2022 business plan in a very volatile market.

2. Basis of Preparation

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards ("IAS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

These consolidated financial statements were authorized for issue by the Directors on May 27, 2022.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, PRT Korea Inc. which has an office and operates business in Korea. All inter-company balances and transactions have been eliminated on consolidation.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

2. Basis of Preparation (continued)

Basis of measurement

These consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting.

The operating results reflected in the comparative condensed consolidated interim statements of loss and comprehensive loss for the three months ended March 31, 2021, 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 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 statement of condensed interim consolidated financial position as at March 31, 2022, the majority of assets and liabilities in these condensed consolidated interim financial statements are directly identifiable. Also included in these condensed consolidated interim financial statements, is the resulting Company net investment arising from corporate allocations and the net funding provided to/from other related divisions within the Company.

Management believes the assumptions underlying these comparative financial statements are reasonable. Nevertheless, the condensed consolidated interim 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 comparative 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

The functional currency of the Company is Canadian dollars, and all amounts are presented in Canadian dollars unless otherwise stated. The functional currency of the Company's wholly owned subsidiary, PRT Korea Inc., is the Korean Won (KRW).

Use of estimates and judgments

The preparation of consolidated 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 consolidated 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 consolidated financial statements are disclosed in Note 4.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

3. Summary of Significant Accounting Policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2021. The audited annual consolidated financial statements are available on SEDAR at www.sedar.com. These policies have been applied throughout the periods reported.

4. Accounting Estimates and Judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the condensed consolidated interim financial statements and the reported amount of revenues and expenses for the reporting period.

The main sources of estimation uncertainty and critical judgments by management applicable to these condensed consolidated interim financial statements are the same as those presented in the Company's audited consolidated financial statements for the year ended December 31, 2021.

5. Asset Transfer

On April 30, 2021, the Company entered an asset transfer agreement with Power Republic Corp. and PR Korea, LTD. Per the agreement, on closing date of May 27, 2021, the Company issued 96,480,000 common shares, and acquired cash, shares in PRT Korea Inc., and intangible assets (the "Asset Transfer").

Upon closing of this transaction, the Company cancelled its 100 common shares that were outstanding.

The Company determined that Power Republic Corp. and PR Korea LTD were under common control at the time of the transfer. As a result, the assets transferred to the Company were recorded at book value. The shares issued for consideration, were valued at fair value.

The asset transfer was as follows:

Shares issued for consideration (96,480,000 shares)	\$	4,399,488
	\$	4,399,388
Net assets acquired, predecessor values		
Cash	\$	1,500,000
Patents		1,135,609
Capital stock of PRT Korea Inc.		1,559,304
	\$	4,194,913

The value of the share consideration was based on the subscription offering to an arm's length party (Note 15).

As this was a transaction under common control, and the net assets acquired were less than the consideration paid, the difference between the share consideration and net assets acquired of \$204,575 was charged to deficit within the statement of shareholders' equity.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

6. Segment information

The Company currently has the main three segments by product; wireless cell phone chargers, WPT products for Rail Guided Vehicles (RGV) in Factory automation and LED light for toy such as LEGO and operates its business with research and development in Korea through its subsidiary, PRT Korea.

The total revenue recorded during the three months ended March 31, 2022, and 2021 is allocated to the following product:

		2022		2021
Wireless phone chargers	\$	58	\$	-
WPT products		4,687		-
Total	\$	4,745	\$	-

7. Inventory

Inventory consists of the following:

		March 31, 2022		December 31, 2021
Wireless phone chargers	\$	20,732	\$	21,526
Inventory in transit		-		1,946
Total	\$	20,732	\$	23,472

For the three months ended March 31, 2022, the total amount of inventory recognized as a cost of sales was \$1,913 (2021: \$nil) and no provision of inventory obsolescence was recognized (2021: \$nil).

8. Plant and Equipment

Cost		Machinery		Vehicles		Office Equipment		Total
Balance at December 31, 2020	\$	442,995	\$	43,770	\$	152,502	\$	639,266
Additions		-		55,401		-		55,401
Balance at December 31, 2021		442,995		99,170		152,502		694,667
Foreign exchange		(15,376)		(3,442)		(5,294)		(24,112)
Balance at March 31, 2022	\$	427,619	\$	95,728	\$	147,208	\$	670,555
Accumulated Depreciation								
Balance at December 31, 2020	\$	183,689	\$	729	\$	106,589	\$	291,008
Additions		88,599		17,987		28,558		135,144
Balance at December 31, 2021		272,288		18,717		135,147		426,152
Additions		21,381		4,786		6,591		32,758
Foreign exchange		(9,451)		(649)		(4,691)		(14,791)
Balance at March 31, 2022	\$	284,218	\$	22,854	\$	137,047	\$	444,119
Net Book Value								
As at December 31, 2021	\$	170,706	\$	80,454	\$	17,355	\$	268,515
As at March 31, 2022	\$	143,401	\$	72,874	\$	10,161	\$	226,436

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

9. Intangible Assets

Cost		Patents		Software		Total
Balance at December 31, 2020	\$	1,946,352	\$	30,643	\$	1,976,995
Additions		3,052		2,487		5,539
FX Impact		(854)		-		(824)
Balance December 31, 2021		1,948,580		33,130		1,981,710
Additions		-		-		-
Balance March 31, 2022	\$	1,948,580	\$	33,130	\$	1,981,710

Accumulated Amortization

Balance at December 31, 2020	\$	658,440	\$	10,683	\$	669,123
Amortization		376,541		6,397		382,938
Balance December 31, 2021		1,034,981		17,080		1,052,061
Amortization		96,945		1,666		98,611
Balance March 31, 2022	\$	1,131,926	\$	18,746	\$	1,150,672

Net Book Value

At December 31, 2021	\$	913,599	\$	16,050	\$	929,649
At March 31, 2022	\$	816,654	\$	14,384	\$	831,038

Patents consist of patent protection for the Company's WPT systems, RGV wireless charging stations and drones, and its wireless charging mobile devices and home appliances.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

10. Right of Use Assets and Lease Liabilities

During the year ended December 31, 2021, the Company entered into two vehicle lease agreements, one with a term of 4 years, and one with a term of 2 years, as well as a building lease agreement with a term of 2 years with no extension option. The Company recognized a lease liability and corresponding right of use asset by discounting future lease payments at 7.5%. During the three months ended March 31, 2022, the Company entered into two new building lease agreements. The Company recognized a lease liability and corresponding right of use asset by discounting future lease payments at 7.21%.

Right of Use Assets	Building		Vehicle		Total
Cost					
Balance December 31, 2020	\$	173,572	\$	-	\$ 173,572
Additions		29,825		42,010	29,825
Balance December 31, 2021		203,397		42,010	71,835
Additions		155,806		-	155,806
Disposals		(173,572)		-	(173,572)
Balance March 31, 2022	\$	185,631	\$	42,010	\$ 227,641
Accumulated Amortization					
Balance December 31, 2020	\$	65,090	\$	-	\$ 65,090
Amortization		96,728		12,211	108,939
Balance December 31, 2021		161,818		12,211	174,029
Additions		25,424		3,480	28,904
Disposals		(173,572)		-	(173,572)
Balance March 31, 2022	\$	13,670	\$	15,691	\$ 29,361
Net Book Value					
At December 31, 2021	\$	41,579	\$	29,799	\$ 71,378
At March 31, 2022	\$	171,961	\$	26,319	\$ 198,280

Lease Liability

Balance at December 31, 2020	\$	114,906
Additions during the year		71,835
Lease payments made		(114,170)
Accretion		8,979
Foreign exchange		(10,767)
Balance at December 31, 2021		70,783
Additions during the period		155,806
Lease payments made		(29,091)
Accretion		1,154
Foreign exchange		(2,165)
Balance at March 31, 2022		196,487
Current Portion		94,702
Non-current portion	\$	101,785

The Company's minimum lease payments are as follows:

	As at March 31, 2022		As at December 31, 2021	
Less than 1 year	\$	114,036	\$	52,742
1-2 years		93,662		14,992
Later than 2 years		5,790		8,061
Note minimum lease payments		213,488		75,795
Amount representing finance charges		(17,001)		(5,012)
Present value of net minimum lease payments	\$	196,487	\$	70,783

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

11. Trade Payables and Accrued Liabilities

	March 31, 2022	December 31, 2021
Accounts payable and accrued liabilities	\$ 222,467	\$ 214,027
Withholdings	8,008	6,340
Tax penalties	5,145	5,330
Short-term borrowings	93,639	-
Other	2,000	647
Total	\$ 331,259	\$ 226,344

12. Long-term borrowing

On May 25, 2017, the Company executed a long-term loan agreement with the Korea SMEs and Startups Agency ("YouthStartup Loan") in the amount of KRW 80,000,000 (CAD\$96,080). The Youth Startup Loan has a 6-year term, an interest rate of 2% per annum, and requires monthly principal commencing 36 months from the date the funds were received by the Company. The loan matures May 24, 2023. An effective interest rate of 7.5% was used to discount the anticipated future cash flow of the loan and determine the carrying value at the date of entering into the loan agreement. The effective interest rate of 7.5% approximates the costs of corporate bonds with similar repayment terms.

On March 19, 2019, the Company executed a long-term loan agreement with the Korea SMEs and Startups Agency ("Stability of Management Loan") in the amount of KRW 200,000,000 (CAD\$235,200). The Stability of Management Loan has a 5-year term, an interest rate of 2.71% per annum, and requires monthly principal commencing 24 months from the date the funds were received by the Company. The loan matures March 18, 2024. An effective interest rate of 7.5% was used to discount the anticipated future cash flow of the loan and determine the carrying value at the date of entering into the loan agreement. The effective interest rate of 7.5% approximates the costs of corporate bonds with similar repayment terms.

The long-term borrowings listed below were not transferred to the Company during the Asset Transfer (Notes 5 and 18).

	Carrying value Youth Startup loan	Carrying value Stability of Management loan
Loan payable at December 31, 2019	\$ 78,118	\$ 183,499
Payments	(17,752)	-
Accretion	5,772	14,353
Foreign exchange	2,671	7,600
Loan payable at December 31, 2020	\$ 68,810	\$ 205,452

	Type	Interest Rate (%)	Maturity Date	December 31, 2020
Korea SME and Startups Agency	Youth Startup Loan	2	May 2023	\$ 68,810
	Stability of Management Loan	2.71	March 2021	205,452
Sub-total				274,262
Less current portion				(71,293)
Long-term portion				\$ 202,969

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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For the three months ended March 31, 2022

13. Provision for Severance Liabilities

The severance liabilities listed below were not transferred to the Company during the Asset Transfer (Notes 5 and 18).

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

Balance at December 31, 2020	\$	103,383
Amounts removed due to Asset Transfer (Note 5, 18)		(103,383)
Additions during the year		(53,848)
Balance at December 31, 2021		(53,848)
Additions during the year		(13,572)
Foreign exchange		2,141
Balance at March 31, 2022	\$	(65,279)

Severance liabilities are calculated based on different assumptions applicable to the employees of Korean subsidiary pursuant to Korean Labour Law as per the below:

Basic assumption	Assumptions used
Left service year	9.94
Mortality rate	Benchmark
Age of retirement	62 years old
Salary increase rate	1.50%
Discount rate	2.53% (Unguaranteed AAA corporate 10Y bond yield)

Left service year is calculated based on the stochastic method, benchmark rate is in accordance with the Korea Insurance Development and discount rate is in accordance with KIS Pricing.

14. Net Investment

For the three months ended March 31, 2021, 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.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian dollars

For the three months ended March 31, 2022

15. Share Capital

Authorized:

Unlimited number of voting Common Shares.

During the three months ended March 31, 2022, the Company had no share transactions.

During the year ended December 31, 2021, the Company completed the following share capital transactions:

- Issued 96,480,000 shares valued at \$4,399,488 for the asset transfer (Note 5).
- Issued 4,824,000 shares valued at \$335,268 for the settlement of accounts payable of \$335,268.

Subscription receipts

Subscription receipts were issued to Columbia Capital Inc. (the "Columbia Subscription Receipts") as an advisory fee on May 27, 2021. 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 would 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"). Columbia Subscription Receipt were converted into 4,824,000 shares and at the same amount of options.

Share-based compensation

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the CSE pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants. The SOP has been amended on November 29, 2021. Under the amended SOP, the option exercise price of any option granted shall be equal to the greater of i) the trading day prior to the date of grant of the options; and ii) the date of grant of the options. The options can be granted for a maximum term of 10 years after the date of grant. Options granted to eligible persons performing investor relations activities shall vest over a minimum of 12 months with no more than 25% of such options vesting in any three month period. All other options granted the Board determine the manner in which an options shall vest and become exercisable. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock-based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

On November 16, 2021 the company granted 4,824,000 options to one of the directors of the Company at a fair value price of \$0.0455, resulting in stock based compensation expense of \$219,503. The options vest immediately and are exercisable for a period of two years from the date of grant. The value of Columbia Subscription Receipt Option was determined using the Black-Scholes Option Pricing Model using the following assumptions: share price \$0.0456; exercise price \$0.0001; expected life 1.94 years; forfeiture rate 0%; risk free rate 1.05%; and volatility of 125% based on comparable company average. The Columbia Subscription Receipts were valued at \$219,503.

On January 17, 2022, the Company has granted options to acquire a total of 7,103,000 common shares of the Company to officers, directors, employees, and consultants of PRT Korea Inc. a subsidiary of the Company, pursuant to the Company's Stock Option Plan, at the exercise price of \$0.20 per share for a period of three years, subject to vesting requirements. The value of options were determined using the Black-Scholes Option Pricing Model using the following assumptions: share price \$0.19; exercise price \$0.20; expected life 3years; forfeiture rate 0%; risk free rate 1.25%; and volatility of 131.27% based on comparable company average. The fair value of the grant was \$971,314 and the Company recognized \$326,133 in stock-based compensation during the three months ended March 31, 2022.

Below is a summary of options outstanding as at March 31, 2022:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price (\$)	Weighted Average Remaining Years
November 16, 2023	4,824,000	4,824,000	0.0001	1.63
January 14, 2025	7,103,000	1,281,500	0.2000	2.79
	11,927,000	6,105,500	\$0.1191	2.32

16. 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 who were granted cash compensation.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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16. Related Party Transactions (continued)

Key management personnel include executive officers and directors. During the three months ended March 31, 2022 below are the transactions incurred with related parties:

Transactions with related parties	Three months ended March 31, 2022		Three months ended March 31, 2021	
Service and consulting fees	\$	-	\$	47,461
Salaries		11,025		-
Provision for severance liabilities		855		-
Research and Development		717		-
Share-based compensation		172,364		-
Borrowings from related parties		95,550		-
Total transactions with related parties	\$	280,511	\$	47,461

Amounts due to related parties	As at March 31, 2022		As at December 31, 2021	
Accounts payable	\$	3,120	\$	87,292
Payables due to asset transfer		66,900		77,711
Borrowings from related parties		93,639		-
Total due to related parties	\$	163,659	\$	165,003

Amounts due from related parties	As at March 31, 2022		As at December 31, 2021	
Loan receivable	\$	10,290	\$	10,660
Amounts receivable		4,338		5,138
Total due from related parties	\$	14,628	\$	15,798

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.

17. Financial Instruments and Risk Management

The Company's financial instruments consist of cash, receivables, trade payables and accrued liabilities, lease liabilities, provision for severance liabilities, and defined employment benefit liabilities. The carrying amounts of current assets and current liabilities approximate their fair value due to their short period to maturity. The carrying amounts of the long-term liabilities approximate fair value as these liabilities bear interest at variable market rates.

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.

The Company has categorized its financial instruments into one of three Classification of financial instruments per category:

Financial Instrument	Classification and measurement
Cash	FVTPL
Receivables	Amortized Cost
Trade payables and accrued liabilities	Amortized Cost
Lease liabilities	Amortized Cost
Provision for severance liabilities	FVTPL
Due to related parties	Amortized Cost

Cash is recorded at fair value using level 1 inputs.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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For the three months ended March 31, 2022

17. Financial Instruments and Risk Management (continued)

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.

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 receivables.

Receivables and other current assets are dispersed to various customers. Cash is held with major Canadian and 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.

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, 2022, the Company had a cash balance of \$98,485 (December 31, 2021 - \$494,695) to pay current liabilities of \$425,961 (December 31, 2021 - \$280,430), and therefore, will need to seek sources of cash inflows to meet obligations as they come due.

The contractual maturity period of financial liabilities are as follows:

As at March 31, 2022:

Account	Carrying value	Less than 1 year	1~5 years
Trade payables and accrued liabilities	\$ 331,259	\$ 331,259	\$ -
Lease liabilities	196,487	94,702	101,785
Provision for severance indemnities	65,279	-	65,279
Total	\$ 593,025	\$ 425,961	\$ 167,064

As at December 31, 2021:

Account	Carrying value	Less than 1 year	1~5 years
Trade payables and accrued liabilities	\$ 226,345	\$ 226,345	\$ -
Lease liabilities	70,783	49,195	21,588
Provision for severance indemnities	53,848	-	53,848
Advances from customers	4,890	4,890	-
Total	\$ 355,866	\$ 280,430	\$ 75,436

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 variable rate interest-bearing debt.

PR Technology Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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For the three months ended March 31, 2022

17. Financial Instruments and Risk Management (continued)

ii. Foreign currency risk

The Company's and its subsidiary's functional currencies are the Canadian Dollar ("CAD") and the Korean Won ("KRW") respectively. The Company is exposed to fluctuations in the KRW and CAD relative to their functional currencies. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. The Company is exposed to the following currency risk.

iii. Commodity risk

The Company is not exposed to commodity price risk.

18. Comparative information

These condensed consolidated interim financial statements are prepared on a combined basis, using the consolidated financial statements of PR Technology Inc. and PRT Korea Inc. to conform with the generally accepted accounting principles under a common control. The comparative periods shown on these consolidated financial statements have been prepared using the carve-out financial information that reflects the financial position, results of operations and cash flows which were transferred to the Company in May 2021, as if the Company was operating for those comparative periods.

Certain assets, liabilities, items of shareholders' equity, expenses, and revenues which are shown as a carve-out in the comparative periods, have been excluded from the combined condensed consolidated interim financial statements of the Company and its subsidiary, as these were not transferred to the Company with the asset that were transferred in May 2021 (Note 5).

19. Supplemental Disclosure with respect to Cash Flows

During the three months ended March 31, 2022 and 2021 there were no non-cash transactions.

20. 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 year. The Company is dependent on financing from shareholders to develop wireless power transfer technology and fund its activities.

21. Contingencies

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. It does not believe that adverse decisions in any pending or threatened proceedings, or any amount it may be required to pay by reason thereof, will have a material adverse effect on the financial condition or future results of operations of the Company.