

## LABRADOR TECHNOLOGIES INC.

THREE MONTHS ENDED JANUARY 31, 2021

### MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management Discussion and Analysis ("MD&A") is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the audited financial statements of Labrador Technologies Inc. ("LTI" or the "Company") for the three month periods ended January 31, 2021 and 2020. Additional information with respect to LTI can be found on the Company's website at [www.labradortechnologies.com](http://www.labradortechnologies.com) or on SEDAR at [www.sedar.com](http://www.sedar.com). The functional and presentation currency is the Canadian dollar.

#### International Financial Reporting Standards

The Company's annual financial statements for the three month periods ended January 31, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). For each reporting period in 2021, the Company also presented comparative information for 2020, both for interim and annual financial statements, as applicable, on an IFRS basis.

#### Non-IFRS Measures

To supplement our financial statements presented in accordance with IFRS, we use non-IFRS measures such as working capital. Working capital is provided to enhance readers' overall understanding of our current use of cash resources and liquidity and is included to provide investors and management with an alternative measure for assessing our financial position in a manner that is focused on the Company's current liquidity and capital position. This measure is based on the Statement of financial position, from which selected information is presented. Working capital is determined using the period end current assets less current liabilities. These measures are not in accordance with and do not have a standardized meaning under IFRS and may not be comparable to similar status of the Company's software development projects, the Company's intentions, results of operations, levels of activity, future capital and other expenditures, including the amount, nature and sources of funding thereof, business prospects and opportunities, research and development timetable, and future growth and performance. When used in this MD&A, statements to the effect that the Company or its management 'believes', 'expects', 'plans', 'may', 'will', 'projects', 'anticipates', 'predicts', 'intends' or similar statements, including 'potential', 'opportunity', or variations thereof are not statements of historical fact and should be construed as forward-looking information. These statements reflect management's current beliefs with respect to future events and are based on information currently available to the management of the Company. The Company believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

With respect to the forward-looking information contained in this MD&A, we have made assumptions regarding the following:

- Future software license sales
- The continued ability of the Company to raise operating capital
- Ability to continue current development and new product development
- Ability to retain and recruit qualified staff

This MD&A contains forward-looking statements under the provisions of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and forward-looking information within the meaning of applicable Canadian securities legislation.

In some cases, you can identify forward-looking statements by words such as “may”, “will”, “could”, “expects”, “further”, “intends”, “plans”, “anticipates”, “believes”, “potential”, “continue”, or the negative of these terms or other similar words. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking. In particular, forward-looking statements in this MD&A include, but are not limited to, statements about:

- the extent of the impact of the novel coronavirus (“COVID-19”) on our business, financial performance, revenues, and results of operations;
- disruption to our operations due to the impact of COVID-19 and the impact of COVID-19 on our employees, suppliers, partners, and our merchants and their customers, the success of and risk related to new products and initiatives launched in response to COVID-19, and the effect of economic conditions
- as a result of COVID-19 on the value of our investments and our share price;
- our plan to continue making investments to drive future growth;
- our accounting estimates, allowances, provisions, and assumptions made in the preparation of our financial statements, including the potential impact from COVID-19

The forward-looking statements contained in this MD&A are based on our management’s perception of historic trends, current conditions and expected future developments, as well as other assumptions that management believes are appropriate in the circumstances, which include, but are not limited to:

- our ability to obtain necessary regulatory approvals
- our ability to secure and retain revenue to grow the business;
- our ability to manage our growth effectively;
- our ability to protect our intellectual property rights;
- Reliance on key partners
- Increased competition
- Reliance on employees and contractors with specialized skills and knowledge
- Protection of proprietary rights

Factors that may cause actual results to differ materially from current expectations may include, but are not limited to, risks and uncertainties that are elsewhere in this MD&A, including but not limited to risks relating to:

- the COVID-19 pandemic and its impact on our business, financial condition and results of operations
- including the impact of measures taken to contain the virus and the impact on the global economy and consumer spending and on our merchants' and partners' ecosystem;
- managing our growth;
- our history of losses and our potential inability to achieve profitability;
- our limited operating history in new and developing markets and new geographic regions;
- our ability to innovate;
- a denial-of-service attack or security breach;
- provisions of our financial instruments;
- our potential inability to raise additional funds as may be needed to pursue our growth strategy or continue our operations, on favorable terms or at all;
- unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns;
- new tax laws could be enacted or existing laws could be applied to us or our merchants;

- being required to collect federal, state, provincial or local business taxes and sales and use taxes or other indirect taxes in additional jurisdictions or for past sales;
- our tax loss carryforwards;
- ownership of our shares;
- our sensitivity to interest rate fluctuations; and
- our concentration of credit risk, and the ability to mitigate that risk using third parties, and the risk of inflation.

Although we believe that the plans, intentions, expectations, assumptions and strategies reflected in our forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future results. You should read this MD&A and the documents that we reference in this MD&A completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements in this MD&A represent our views as of the date of this MD&A. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this MD&A.

#### **COVID-19**

In light of the ongoing COVID-19 pandemic, we have continued to focus on the health and well-being of our employees, partners, service providers, and communities. We have entered into transactions that we believe will best serve potential customers as they deal with the challenges of COVID-19.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of the MD&A.

**This MD&A is dated as of March 30, 2021.**

## Outlook

The Company continues to be dependent on proceeds of private placements and loans from Officers and Directors to meet its month-to-month financial obligations and resources regarding the Corporation's restructuring efforts.

On June 28, 2020, the Company entered into a reverse take-over transaction (the "RTO") pursuant to the exclusive software license purchase agreement (the "Agreement") with Claritas HealthTech Pte. Ltd. ("Claritas"). The technology, known as iRAD (the "License Software" or "iRAD"), was developed and is owned exclusively by Claritas. The Agreement gives Labrador exclusive usage and marketing rights to the License Software for the territory of North America (the "Proposed Transaction"). The Agreement will enable customers who use iRAD to access its medical image enhancement capabilities on a pay for service basis.

On January 22, 2021, the TSXV conditionally approved the Proposed Transaction. As at the date of the financial statements, Claritas and the Company continue to work regarding the above issuance of the common shares and private placement which are subject to TSXV review and final acceptance.

Claritas is incorporated and headquartered in Singapore. Claritas conducts research and development in the fields of image enhancement, machine vision and artificial intelligence ("AI") with a focus on medical image processing and AI assisted interpretation. The iRAD software technology has been developed by a team of leading mathematicians and medical scientists over a period of five years. Claritas plans to transform the diagnostics industry with powerful and effective software products created using image enhancement and AI technology enabling doctors and physicians to make accurate diagnosis and improve patient lives.

The payment for the License Software is through the issuance of 50 million shares of Labrador at a deemed per share price of \$0.10. In addition, the Company and Claritas have agreed to undertake a concurrent private placement of subscription receipts at \$0.15 per subscription receipt unit for minimum gross proceeds of \$2,500,000 and up to maximum gross proceeds of \$5,000,000. Each unit will be composed of one Company common share and one-half Company common share purchase warrant. Each warrant entitles the holder to purchase one Company common share at a price of \$0.30 per share for a period of 12 months following the closing date, subject to certain agreed upon terms and conditions.

On January 22, 2021, the TSX Venture Exchange ("TSXV") conditionally approved the Proposed Transaction. Upon the anticipated closing of the Proposed Transaction, it is expected that Labrador will continue to be a Technology Issuer on the TSXV and will be renamed to Claritas HealthTech Inc. Any financial information related to iRAD and Claritas, as appropriate, will be included in the RTO disclosure documentation.

TSXV clearance of the RTO disclosure document (the "Filing Statement") is conditional upon satisfactory clearance by the TSXV's staff accountants of the financial statements to be included in the final Filing Statement (which will include, but is not limited to, financial statements of Claritas in a form to be determined by the Alberta Securities Commission and the Exchange).

All the shares issued pursuant to the Proposed Transaction are subject to TSXV Tier 2 value security escrow conditions entailing the release of the shares from escrow over 36 months. Final acceptance by the TSXV is subject to a number of conditions including confirmation that the proposed private placement has been completed for gross proceeds of at least \$2,500,000, as well as all regulatory approval, as applicable.

Trading in the Labrador common shares has been halted and may remain halted pending TSXV final acceptance including, but not limited to, the approval of the appointment of new board of directors of Labrador to be effective upon completion of the Proposed Transaction and approval to change the name and trading symbol of Labrador upon completion of the Proposed Transaction. There can be no assurance that trading in the Labrador common shares will resume prior to the completion of the Proposed Transaction.

## Annual Financial Information

<b>Selected Statement of operations and comprehensive loss information for the years ended:</b>	<b>October 31, 2020</b>	<b>October 31, 2019</b>	<b>October 31, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Revenues			
License fees	-	1,190	13,209
Expenses			
General & Administrative	195,594	186,156	383,297
Share based compensation	-	21,718	669,795
Development & Related	-	6,507	38,915
Marketing & Sales	-	7,682	171,984
	<b>(195,594)</b>	<b>(222,063)</b>	<b>(1,263,991)</b>
Finance Costs	<b>(12,895)</b>	<b>(13,977)</b>	<b>(14,262)</b>
Other Income	<b>235,621</b>	<b>671,457</b>	<b>42,406</b>
Net income (loss) before income tax	<b>27,132</b>	<b>436,607</b>	<b>(1,222,638)</b>
Deferred income tax recovery	-	-	82,038
Net income (loss) and comprehensive income (loss)	<b>27,132</b>	<b>436,607</b>	<b>(1,140,600)</b>
Loss per share (basic & diluted)	<b>0.00</b>	<b>0.01</b>	<b>(0.01)</b>
<b>Selected Statement of financial position information as at:</b>	<b>October 31, 2020</b>	<b>October 31, 2019</b>	<b>October 31, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Total assets	<b>22,536</b>	<b>8,629</b>	<b>67,726</b>
Total liabilities	<b>424,866</b>	<b>477,525</b>	<b>1,019,947</b>
Outstanding common shares	<b>8,898,318</b>	<b>8,636,518</b>	<b>8,511,518</b>

Effective August 7, 2020, the Company's common shares were consolidated on a 20:1 basis (the "Consolidation") resulting in a reduction in the issued and outstanding shares, options, and warrants. Shares reserved under the Company's equity and incentive plans were adjusted to reflect this Consolidation. All share, stock option and warrant, as well as per share, option and warrant data presented in the Company's financial statements have been retroactively adjusted to reflect the share consolidation unless otherwise noted.

## Results of Operations

At January 31, 2021, the Company had cash of \$6,547, no long-term debt, a current year net loss and comprehensive loss of \$55,321 and a working capital deficit of \$457,651.

The Company was engaged in research and development of data retrieval technology but has changed focus and is now conducting activities 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 an option or by any concomitant transaction and the corresponding generation of future cash flows and/or raising of additional capital.

On June 28, 2020, the Company entered into a commercial agreement with Claritas for the exclusive right to sell and market the software license of Claritas's software for the Territory of North America. The payment for the license is through the issuance of 50 million shares of Labrador on at a deemed per share price of \$0.10. In addition, the Company and Claritas have agreed to undertake a concurrent private placement of subscription receipts at \$0.15 per subscription receipt unit for minimum gross proceeds of \$2,500,000 and up to maximum gross proceeds of \$5,000,000. Each unit will be composed

of one Company common share and one-half Company common share purchase warrant. Each warrant entitles the holder to purchase one Company common share at a price of \$0.30 per share for a period of 12 months following the closing date, subject to certain agreed upon terms and conditions.

On July 10, 2020, the Company closed its convertible debenture bridge financing ("Units") for gross proceeds of \$150,000 through the issuance of 1,500,000 Units. Each unit consists of one secured debenture and one common share purchase warrant. The conversion price with respect to the common shares issued upon conversion of Debentures is \$0.10 per common share on a post-consolidated basis

Effective August 7, 2020, Company common shares in Labrador were consolidated on a 20 to 1 basis.

On January 22, 2021, the TSXV conditionally approved the Proposed Transaction. As at the date of the financial statements, the above issuance of the common shares and private placement are pending TSXV final acceptance.

## **Revenue**

Presently, the Company has no significant ongoing sources of revenue. The Company was engaged in research and development of data retrieval technology but has changed focus and is now conducting activities 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 an option or by any concomitant transaction.

## **Expenses**

### **General & Administrative**

This category of expenses is comprised primarily of salaries, commissions and short-term employee benefits, stock-based compensation, office rent, office equipment rentals, corporate expenses related to shareholder reporting, and professional fees. General and administration expenses for the current year were \$47,562 compared to \$24,320 for 2020, an increase of \$23,242 or 96%. The increase was due to increased regulatory and filing costs related to the Proposed Transaction offset partially by a decrease for office rent, parking and software expenses in order to preserve capital and to continue to enable management to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction.

### **Finance Costs**

Finance costs mainly includes interest and accretion expenses on accrued on loans advanced by third party to the Company or by its directors and former directors. For the period ending, interest and accretion expenses were \$7,759 compared to \$1,491 in interest costs, compared to 2020, showing an increase of \$6,268, or 420%. The increase is due to increase in interest and accretion expense related to the Convertible Debenture.

### **Working capital**

At the period ending, the Company had cash of \$6,547, no bank debt, and a working capital deficiency of \$457,651. The Company's ability to maintain its operations in the future is still dependent on its ability to generate sufficient revenue, and/or raise sufficient capital to continue to fund its strategic business plan.

### **Liquidity and Capital Resources**

During the three month period ended, the Company's cash position decreased by \$15,989 as a result of the increase trade payables of \$31,572 and cash used in operating activities of \$15,989 adjusted for finance costs of \$7,759.

## Going Concern

These financial statements have been prepared in accordance with IFRS applicable to a going concern which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

The Company is currently conducting activities to identify and evaluating assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising an option or by any concomitant transaction. The Company's previous activities related to the research and development and marketing of data retrieval technology. Management is aware of material uncertainties that could cast significant doubt about the Company's ability to continue as a going concern. As at January 31, 2021, the Company has negative working capital of \$457,651 and had negative cash flows from operations of \$47,562 for the three month period ended January 31, 2021.

Management believes the going concern assumption is still appropriate for these financial statements but is dependent upon the successful raising of sufficient capital in the future as required, achieving and sustaining profitable operations, as well as the continued support from related parties and trade and other creditors. There can be no assurance that the steps management is taking will be successful. This assumption will be reviewed on an ongoing basis by management and the Board of Directors. If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the classifications used in the statement of financial position.

## Summary of Quarterly Results:

	2021 Q1	2020 Q4 \$	2020 Q3 \$ Restated	2020 Q2 \$	2020 Q1 \$ Restated	2019 Q4 \$	2019 Q3 \$	2019 Q2 \$
<b>Revenue</b>								
License fees	-	-	-	-	-	-	-	4
								4
<b>Expenses</b>								
General & Administrative	47,562	95,929	62,953	12,392	24,320	24,162	19,614	48,463
Share based compensation	-	-	-	-	-	(1,889)	1,609	1,292
Development & Related	-	-	-	-	-	-	(4,821)	529
	47,562	95,929	62,953	12,392	24,320	22,273	16,402	50,284
Operating loss	(47,562)	(95,929)	(62,953)	(12,392)	(24,320)	(22,273)	(16,402)	(50,280)
Finance Costs	(7,566)	(7,325)	(2,641)	(1,439)	(1,490)	(3,251)	(4,130)	(3,784)
Other income	-	-	-	-	235,621	496,161	-	175,296
Net loss before income tax	(55,128)	(103,705)	(65,594)	(13,380)	209,811	470,637	(20,532)	121,232
Deferred Income Tax Recovery	-	-	-	-	-	-	-	-
<b>Net loss &amp; comprehensive loss</b>	<b>(55,128)</b>	<b>(103,705)</b>	<b>(65,594)</b>	<b>(13,380)</b>	<b>209,811</b>	<b>470,637</b>	<b>(20,532)</b>	<b>121,232</b>
Net loss per share, basic & diluted	(0.01)	-	-	-	-	-	-	-

<b>Outstanding shares</b>	8,898,318	8,898,318	8,898,318	8,898,318	8,898,318	8,636,518	8,511,518	8,511,518
<b>Total assets</b>	6,547	22,536	99,490	5,305	5,083	8,629	14,474	7,078

Please note that quarterly information is unaudited.

## Capital Management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth to maximize the return to its shareholders. The capital structure of the Company consists of cash and shareholders' deficit. The Company does not have any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

The Company makes adjustments to its capital structure in light of general economic conditions and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may pay dividends, buy back shares or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business.

## Financial instruments and financial risk management:

### i) Determination of Fair Values

The following table analyzes recurring assets and liabilities measured at fair value in the statement of financial position. The different levels are defined as follows:

Level 1 - Determined by reference to quoted in active markets for identical financial assets and liabilities.

- The fair value of loans payable approximates their carrying value as they are payable on demand.
- The fair value of cash, accounts receivable, and trade payables and accrued liabilities approximates their carrying value due to their short term to maturity.

Level 2 – Inputs to the valuations, other than quoted prices, are observable for the financial assets and liabilities, either directly or indirectly.

Level 3 – Inputs to the valuations are based on inputs that are not observable for the financial assets and obligations.

## Overview

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below.

### a) Interest rate risk:

Interest rate risk is the risk that fair value of a financial instrument or its cash flows will fluctuate as a result of changes in interest rates.

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations.

The loans payable bear interest at a fixed rate of 12% and are due upon demand, thus the cash flows are not subject to interest rate risk.

b) Liquidity risk:

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. Given that the Company continues to use cash in operations, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company on a timely basis. Refer to note 3 for details regarding the going concern assumption.

At January 31, 2021, the Company has cash balances of \$6,547 and a working capital deficiency of \$457,651.

**Loans Payable Related Party Loans Payable:**

a) *Related Party Transactions:*

As at January 31, 2021, the Company had \$60,621 (2020 - \$60,394) of loans payable and interest accrued to certain officers, directors, former directors, and shareholders. These loans are unsecured and due on demand. \$42,661 of these loans bears no interest and the remaining \$17,960 bears interest of 12%. Total interest accrued and payable for these loans as at January 31, 2021 was \$10,460 (2020 - \$10,233). During the three months ended January 31, 2021, additional advances on these loans were \$nil (2020 - \$33,177) to the Company and interest expense of \$227 (2020 - \$907) on the outstanding loans was recognized.

b) *Key Management Personnel Compensation*

The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

In addition to their salaries and director fees, as applicable, directors and executive officers, along with certain employees of the Company, also participate in the Company's stock option plan (note 8). Compensation expenses incurred with respect to key management personnel were as follows:

	<b>Three months ended</b>	
	<b>January 31, 2021</b>	<b>January 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	16,500	-
<b>Total Compensation</b>	<b>16,500</b>	<b>-</b>

c) *Convertible Debenture:*

	<b>January 31, 2021</b>		
	<b>Debenture</b>	<b>Warrants</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Opening carrying amount, October 31, 2020	143,069	13,253	156,322
Accretion	5,348	-	5,348
<b>Ending carrying amount, January 31, 2021</b>	<b>148,417</b>	<b>13,253</b>	<b>161,670</b>

The fair value of the liability component at the time of issue of \$136,747 was calculated as the discounted cash flows assuming a market interest rate of 14.83%, which was the estimated rate for the convertible debentures without the equity conversion feature or the warrants. The value of the warrants was calculated as the difference between the \$150,000 face value of the convertible

debenture less the fair value allocated to the liability component.

**Outstanding share data**

As of March 30, 2021, LTI had 8,98,318 common shares with 1,562,500 warrants to acquire shares outstanding and 1,500,000 common shares reserved for issuance upon conversion of the debenture

Kaan Camlioglu

Jeffrey A. Howe

**“ Signed ”**

**“ Signed ”**

Interim Chief Executive Officer  
Labrador Technologies Inc.

Interim Chief Financial Officer  
Labrador Technologies Inc.