

FTI MD&A – FYE MARCH 31, 2024

FTI FOODTECH INTERNATIONAL INC. MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED MARCH 31, 2024

The following management's discussion and analysis ("MD&A") of the performance, financial condition and future prospects of FTI Foodtech International Inc. (which is also referred to herein as "FTI" or the "Company") should be read in conjunction with the Company's March 31, 2024 audited financial statements. Further information relating to the Company may be accessed at www.sedar.com. All financial data herein has been prepared in accordance with International Financial Reporting Standard ("IFRS") and all dollar amounts herein are in Canadian dollars unless otherwise specified. This MD&A is dated as of July 29, 2024.

FORWARD LOOKING STATEMENTS

This MD&A may contain, without limitation, statements concerning possible or assumed future results preceded by, followed by or that include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance. They involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. FTI Foodtech International Inc. is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors except as required by law. These cautionary statements expressly qualify all forward-looking statements in the MD&A. This MD&A has been prepared based on information available as at July 29, 2024.

OVERALL PERFORMANCE

FTI experienced a weaker level of revenue than was expected. Much of the time and energy of FTI was spent on attempting to raise capital and evaluating potential acquisition opportunities.

FINANCING

No new financing was carried out in the 2024 fiscal year. All outstanding warrants and options expired during the 2024 fiscal year.

SELECTED ANNUAL INFORMATION

The following table highlights selected financial information for the Company's past three years:

	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Revenue	\$118,995	\$205,441	\$160,187
Net Income (Loss)	(\$19,830)	\$6,753	\$20,944
Net Income (Loss) per Share	\$0.000	\$0.000	\$0.001
Total Assets	\$436,541	\$406,211	\$321,410
Long Term Debt	\$329,044	\$264,381	\$186,419
Cash Dividends Declared per Share	Nil	Nil	Nil
**The calculation of diluted earnings (loss) per share excludes options and warrants if they are anti-dilutive or if the average price of the Company's stock did not exceed the exercise prices subsequent to the grant dates.			

RESULTS OF OPERATIONS

The revenue for this year over last year was down by approximately 42% with 2024 revenues of \$118,995 compared to \$205,441 of the previous year. The cost of product sales was also by approximately 66% to \$46,997 in 2024 over the previous year \$137,313. This was due a decrease in overall sales resulting in a lower cost of merchandise. Gross margin increase to 61% (Gross profit of \$71,998) in 2024 from 33% (Gross profit of \$68,127) in 2023. The profit per share for 2024 was \$0.000 compared to a loss per share of \$0.000 per share for 2023.

Expenses

In 2024, Bank and Financial Charges were \$199, Legal, Audit Fees were \$33,513, Public Company Listing Fees were \$5,723, Barter credit write-downs were \$13,296, advertisement charges were \$1,252, Commission charges were \$250, Accounting fees were \$14,855, office supplies were \$1,972, shareholder communication were \$13,022 and other administrative fees were \$5,309. Comparatively, in 2023, Bank and Financial Charges were \$144, Legal, Audit Fees were \$24,610, Public Company Listing Fees were \$13,728, Barter write-downs were \$19,964, advertisement charges were \$3,659, other Administrative Fees were \$5,498, shareholder communication were \$7,025, Commission charges were \$5,906.

In 2024, the Company recognized impairment on its barter credits of \$84,523; compared to an impairment of \$84,943 recognized in 2023.

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SUMMARY OF QUARTERLY RESULTS

The following information is provided for each of the 8 most recently completed quarters of the Company:

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jun 30 2022	Sep 30 2022	Dec 31 2022	Mar 31 2023	Jun 30 2023	Sep 30 2023	Dec 31 2023	Mar 31 2024
Total revenue	60,453	7,358	6,224	137,060	19,655	18,749	41,983	44,198
Net Income (Loss)								
- total	55,060	1,136	3,796	(66,718)	(9,183)	(38,069)	15,419	12,543
- per share	0.004	0.000	0.000	(0.002)	(0.000)	(0.001)	0.000	0.0000

* The calculation of diluted earnings (loss) per share excludes options and warrants if they are anti-dilutive or if the average price of the Company's stock did not exceed the exercise prices subsequent to the grant dates.

FOURTH QUARTER

The fourth quarter revenue in 2024 was \$44,198, compared to \$137,060 in the fourth quarter of 2023. This was mainly due to management focusing on exploring an opportunity for the company. The fourth quarter had a profit of \$12,543 in 2024 compared to a loss of \$66,745 in 2023, which was mainly due to the administrative and marketing activities and the write-down of barter credit.

LIQUIDITY

At March 31, 2024 the Company had net working capital of approximately \$112,664 comprising \$1,105 cash; \$2,255 accounts receivables, \$134,440 of barter credits, and \$9,735 inventories against accounts payable and accrued liabilities of \$34,871. This is compared to at March 31, 2023 the Company had net working capital of approximately \$212,066 comprising \$7,975 cash; \$Nil accounts receivables, \$242,266 of barter credits, and \$11,199 inventories against accounts payable and accrued liabilities of \$49,374.

The Company had barter credits with a total recoverable value of \$134,440 (2023 \$242,266). These amounts can only be realized through the purchase of goods and services through these barter exchanges. Management is satisfied that a sufficient value of transactions will be completed through these barter exchanges to realize a large portion of the value of this balance in the future.

Cash flows from operating activities were negative \$77,123 in 2024 compared to negative \$100,215 in 2023. The use of cash was attributable to the increases in accounts receivable and accounts payable. Cash flows from financing activities resulted in a net inflow of \$70,253 in 2024 compared to a net inflow of \$83,615 in 2023.

At March 31, 2024, the Company had \$329,044 of long-term debt owed to a related company. (2023 \$264,381). See Transactions with Related Parties.

CONTRACTUAL OBLIGATIONS

The Company has no material contractual obligations, leases or commitments at March 31, 2024.

TRANSACTIONS WITH RELATED PARTIES

Amounts due to related company are unsecured, are non-interest bearing and are repayable on demand. At March 31, 2024, the Company owed a related company \$214,190 (2023 - \$198,861), which is unsecured, non-interest bearing and due on demand and has been included in advance from related party. This amount has been classified as a long-term debt.

As of March 31, 2024, the Company owes to a shareholder of \$114,854 (2023 - \$65,520). These amounts are unsecured, non-interest bearing and due on demand. During the year, a total of \$27,168 (2023 - \$32,480) in barter credits was used as payment toward this advance.

During the year ended March 31, 2024, the Company settled \$27,168 (2023 - \$32,944) of advances from a related party with barter credits and recognized a gain of \$5,590 (2023, \$5,654).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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Revenue recognition

Revenue from the resale of liquidation merchandise is recognized at the time of shipment and transfer of title to the customer has occurred (primarily to wholesalers and retailers) and collectability is reasonably assured. Sale of liquidation merchandise through the Barter Exchanges results in the earning of barter credits which are measured at the fair value of the barter credits received or receivable. In the case of returns, the Company's policy is to offer exchanges of merchandise of similar value for goods returned in a timely manner by the customers.

Inventories

Inventories comprising finished goods relate to liquidation merchandise, which are purchased for resale and are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of goods held comprises the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

New accounting pronouncements

Please refer to the notes of the financial statements of the Company dated March 31, 2024 for further information on the Company's accounting policies and estimates.

CAPITAL STRUCTURE

Outstanding share data:

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

Shares Outstanding at Beginning of Period	14,968,863
Shares issued During Period	-
Shares Outstanding at End of Period	14,968,863
Shares Outstanding as of the date of this MD&A	14,968,863

The Company is governed by the Canada Business Corporations Act (the "CBCA") and has a unlimited maximum number of common shares.

The Company's Incentive Stock Option Plan, as amended by the Company's Board of Directors and initially approved by the TSX Venture in August 2008, and is reapproved annually by shareholders at the AGM, is intended to attract, retain and motivate officers, salaried employees and directors who will make important contributions to the success of the Company. The right to exercise an award of options typically vests at the grant date unless otherwise determined by the Board of Directors at the time of grant. Options must be exercised during a period established by the Company, but in any event, within five years of the grant. A maximum of 10% of the outstanding common shares may be reserved for issuance pursuant to outstanding options at any one time.

Outstanding options at March 31, 2024 are as follows:

Options Outstanding at Beginning of Period	500,000
Options Exercised During Period	-
Options Expired During Period	500,000
Options Issued During Period	-
Options Outstanding at End of Period	-

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Outstanding Warrants at March 31, 2024 are as follows:

On November 30, 2021, the Company closed a non-brokered offering of 1,000,000 units of the Issuer, (the “Units”), at a price of \$0.10 per Unit. Each Unit is comprised of one Common Share and one common share purchase warrant (a “Warrant”), each Warrant being exercisable to acquire one Common Share at a price of \$0.40 per Common Share for a period of one (1) year following the closing date of the private placement. The Board of Directors and the Toronto Stock Exchange – Venture has approved the extension of the expiration date of the 100,000 warrants until November 30, 2023. On November 30, 2023, the 1,000,000 warrants expired and there currently are no outstanding warrants.

The following table presents information concerning warrants granted by the Company:

Outstanding Warrants at March 31, 2024 are as follows:

Warrants Outstanding	Exercise Price per Share	Expiry Date
1,000,000	\$0.40	November 30, 2023
Outstanding at Beginning of Period		-
Issued During Period		1,000,000
<u>Expired During Period</u>		<u>1,000,000</u>
Outstanding as of the date of this financial statement		-

The Company has not issued or retracted any shares, options or warrants between March 31, 2024 and the date of this financial statement.

FINANCIAL INSTRUMENTS

Under IFRS, all financial instruments must be classified into a defined category, namely, held-to-maturity, available for sale, loans and receivables, held-for-trading financial assets or financial liabilities and other financial liabilities.

The carrying values of the Company’s financial instruments are classified into the following categories:

	March 31, 2024	March 31, 2023
Fair value through profit and loss (a)	1,105	7,975
Loans and receivables (b)	423,446	387,037
Other financial liabilities (c)	329,044	264,381

(a) Cash measured at fair value.

(b) Accounts receivable measured at amortized cost using the effective interest rate method.

(c) Accounts payable and accrued liabilities, and advances from a related company measured at amortized cost.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the amount due to related party is not determinable as there is no comparable market data.

Currency Risk

The Company’s functional currency is the Canadian dollar. All of the company's cash is denominated in Canadian dollars. All of the Company’s purchases are transacted in Canadian dollars. There were no trade accounts receivable or accounts payable denominated in a foreign currency at period end. The Company is therefore not subject to any significant currency risks from operations

Credit Risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable (other than barter credits).

The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The Company is exposed to credit risk with respect to its accounts receivable. As at March 31, 2024, the Company has net accounts receivable (other than barter credits) of \$2,255 (March 31, 2023 – \$0) that are over 90 days old with no allowance for doubtful accounts.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, seeking to obtain credit from advance from related party and opportunities to issue additional Company shares. The financial obligations of the Company mature in one year or less.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

OUTLOOK

FTI's aim to integrate new technologies with the barter and food industries, is a natural continuation of its long history with Technology Transfer, bringing emerging cutting-edge technology to existing markets to create a powerful synergy that unlocks their next evolution. With the Company's strong, long-term relationships within these industries, FTI is searching for the next innovation to bring to these industries. FTI continues to operate in the surplus goods industry while looking for new opportunities for the company.