



MISSION READY

SOLUTIONS INC.

MISSION READY SOLUTIONS INC.

Management Discussion and Analysis

For the Nine Months Ended September 30, 2021

Protecting Those Who Protect Us

MRSCorp.com

MISSION READY SOLUTIONS INC.

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2021

Introduction

The following management discussion and analysis ("**MD&A**"), prepared as of November 29, 2021, is a review of the operations, current financial position and outlook for Mission Ready Solutions Inc. ("**Mission Ready**") and should be read in conjunction with the Company's (as defined below) most recently issued audited consolidated financial statements for the year ended December 31, 2020, and the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2021, copies of which are filed on the SEDAR website: www.sedar.com.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Management is responsible for the information contained in this MD&A and its consistency with the information presented to the Audit Committee and Board of Directors. All information in this document has been reviewed and approved by the Audit Committee and Board of Directors. This review was performed by management with information available as of November 29, 2021.

The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with IFRS. This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

Forward-Looking Information

This MD&A may include certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. Other than statements of historical facts, all statements included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competition, strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "pipeline", and similar expressions are intended to identify forward-looking statements. Forward-looking information is based in part, on assumptions that may change, thus causing actual results or anticipated events to differ materially from those expressed or implied in any forward-looking information. Such assumptions include the stability or improvement of general economic conditions. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Such factors include, among others, risks related to unavailability of financing, unfavorable market conditions and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

MISSION READY SOLUTIONS INC.

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2021

Mission Ready serves to prevent injuries and enhance the performance of military personnel, first-responders and all those serving on the front lines by equipping them with the next generation of personal protective equipment ("**PPE**"). The Company specializes in providing personal protective solutions to the global defense, security and first-responder markets as a product manufacturer and an experienced government contractor. Mission Ready leverages its privileged access to valuable federal procurement vehicles, including the Multiple Award Schedule ("**MAS**") contracts administered by the US General Services Administration ("**GSA**").

Mission Ready's operations are conducted through its wholly-owned subsidiaries, including Mission Ready Holdings Ltd., Mission Ready Holdings USA Inc., 10-20 Services Inc. Protect The Force, Inc., No-Contact LLC (dba PTF Innovations), PTF Manufacturing Inc. and Unifire, Inc. (collectively, the "**Company**"). As at September 30, 2021, the Company had a corporate office in Vancouver, British Columbia, Canada, a manufacturing facility in Jacksboro, Tennessee, USA, and a Unifire, Inc. office in Spokane, Washington, USA.

SUMMARY OF RECENT EVENTS

Market Maker

In June 2021, the Company announced that it had retained Integral Wealth Securities ("**Integral**") to provide market-making services in accordance with TSX Venture Exchange policies. Integral trades shares of the Company on the TSX Venture to maintain an orderly market, improves the liquidity of the Company's shares and provides the Company with market intelligence.

Advisory Committee

In July 2021, the Company announced the expansion of its Advisory Committee, a strategic panel of trusted advisors and leaders in the fields consisting of Jonathan Murad, Douglas Bryce, Shane Brickner and Scott Gibson.

Listing in Mergent Manuals

In July 2021, the Company announced that Mergent's Editorial Board had received and approved the Company's submission to supplement its Blue Sky exemptions through an updated listing in Mergent™ Manuals and News Reports. The Company's profile includes descriptive text, data, news, and financial statements accessible through Mergent's online and print platforms and enables Mission Ready to increase its Blue Sky status in the United States, adding key jurisdictions such as Florida to its list of Blue Sky compliance.

Loan Forgiveness

In July 2021, the Company received loan forgiveness from US Small Business Administration for US\$187,000 under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act.

Stock Option Grant

In October 2021, the Company granted a total of 4,800,000 stock options to certain directors, officers, employees and consultants of the Company. Subject to the terms of the Plan and the corresponding option agreements, the options are exercisable at a price of \$0.25 per share for a period of up to 5 years.

RESULTS OF OPERATIONS

Results of Operations for the Nine Months Ended September 30, 2021

The Company's gross revenues for the nine months ended September 30, 2021, were \$84.74 million, an increase of \$22.30 million from the \$62.44 million realized in the same period in 2020, representing a 36% increase. This is primarily attributable to the Company's performance in fulfilling contract awards received through its government contracting division, Unifire. The Company recorded a cost of goods sold of \$77.19 million for the nine months ended September 30, 2021, compared to \$56.90 million in 2020. The gross margin was 8.91% for the period.

Total operating expenses expressed in dollars were lower during the nine months ended September 30, 2021, as compared to the same period in 2020. Relative to total revenues, operating expenses decreased to 8% for the period ended September 30, 2021, as compared to 14% for the same period in 2020. This demonstrates the Company's focus on expense management. The decrease in total expenses can be attributed to significant reduction in interest expense related to settling certain note payables in the prior year and wages and benefits. The decrease in operating expenses was partially offset by an increase in stock-based compensation related to the granting and vesting of stock options during the period.

MISSION READY SOLUTIONS INC.

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2021

The Company's corporate head office costs decreased by \$1.04 million, mainly due to a decrease in wages and benefits and a partial recovery of an accrual associated with a remedial arrangement with certain option holders of \$0.61 million.

Net income for the nine months ended September 30, 2021, was \$1.54 million, an increase of \$4.02 million from a net loss of \$2.48 million in the prior period. The increase in net income is mainly due to an increase in revenue and gross profit from the Unifire operations, decrease in interest and bank charges by \$1.62 million and a gain on the settlement of debt by \$0.41 million. In addition, the Company recognized current income tax expense of \$0.93 million as a result of the Unifire operations for the nine months ended September 30, 2021. Also, adjusted EBITDA, consisting of earnings before interest, taxes, depreciation, amortization and stock-based compensation, for the nine months ended September 30, 2021, was \$5.27 million, an increase of \$4.39 million from an adjusted EBITDA of \$0.88 million in the prior period. This increase in adjusted EBITDA is mainly due to the positive results from the Unifire operations and focus on reducing operating expenditures.

The Company derives approximately 97% of its revenues from customers and clients where the end customer is the US Department of Defense, law enforcement or private security.

Results of Operations for the Three Months Ended September 30, 2021

The Company's gross revenues for the three months ended September 30, 2021, were \$6.01 million, a decrease of \$14.14 million from the \$20.15 million realized in the same period in 2020, representing a 70% decrease. The Company recorded a cost of goods sold of \$4.74 million for the three months ended September 30, 2021, compared to \$17.46 million in 2020.

Total operating expenses were lower by \$0.77 million for the three months ended September 30, 2021, compared to the same period in 2020. This is mainly attributed to a decrease in interest and bank charges of \$0.67 million and wages and benefits of \$1.12 million compared to the same period in 2020. In addition, the decrease in operating expenses was partially offset by an increase in non-cash stock-based compensation of \$1.37 million related to the vesting of stock options during the period.

The net loss for the three months ended September 30, 2021, was \$1.32 million, a decrease of \$0.48 million from the \$0.84 million in the prior year, mainly due to the lower revenues for the quarter.

SUMMARY OF QUARTERLY RESULTS

The following table provides a summary of the Company's eight most recently completed quarters:

Fiscal Year		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2021	Revenue	\$ 66,726,040	\$ 12,008,561	\$ 6,005,417	
	Net comprehensive income (loss)	\$ 6,440,018	\$ (3,413,417)	\$ (1,458,279)	
	Basic and diluted earnings (loss) per share	0.03	(0.02)	(0.01)	
2020	Revenue	\$ 15,086,440	\$ 27,210,102	\$ 20,145,225	\$ 42,627,964
	Net comprehensive income (loss)	\$ (1,994,519)	\$ 52,034	\$ (655,000)	\$ 1,582,284
	Basic and diluted earnings (loss) per share	(0.01)	(0.00)	(0.00)	(0.01)
2019	Revenue				\$ 13,471,754
	Net comprehensive income (loss)				\$ (2,563,017)
	Basic and diluted earnings (loss) per share				(0.01)

MISSION READY SOLUTIONS INC.**Management's Discussion and Analysis****For the Nine Months Ended September 30, 2021**

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2021, the Company had working capital deficit of \$6,554,868 (December 31, 2020 – working capital deficit of \$13,789,221) including cash and cash equivalents of \$4,354,235 (December 31, 2020 - \$1,631,390). The Company's working capital deficit decreased mainly due to a reduction in notes payables related to the Company entering into an agreement to defer payments with the former shareholders of Unifire, recognizing loan forgiveness on loans received under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act and increase in cash related to the exercise of 6,605,138 options and 2,323,645 warrants for total gross proceeds of \$1,902,927.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**Classification of financial instruments**

	September 30, 2021	December 31, 2020
	\$	\$
FVTPL financial asset	4,354,235	1,631,390
Financial assets at amortized costs	1,582,885	6,513,954
Financial liabilities at amortized costs	16,363,111	27,031,021

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, foreign exchange risk, and interest rate risk, as discussed in the Company's annual MD&A for the year ended December 31, 2020, and in the Company's financial statements for the year ended December 31, 2020, and for the period ended September 30, 2021.

Capital Management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

MISSION READY SOLUTIONS INC.

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2021

TRANSACTIONS BETWEEN RELATED PARTIES**Related Party Balances**

As of September 30, 2021, and December 31, 2020, the Company had the following amounts owed to related parties that are noninterest-bearing, unsecured, and have no specified terms of repayment.

	September 30, 2021	December 31, 2020
	\$	\$
Buck Marshall – Chief Executive Officer and a Director	11,467	7,639
Dong Shim – Chief Financial Officer	5,250	643
Terrace Nixon – Chief Compliance Officer and a Director	73,964	70,137
Daniel Raczynowski – Director	11,467	23,459
Paul Litchfield – Director	11,467	11,459
James Marks – Director	19,112	25,097
William Bratton – Director	11,467	11,459
Jeffery Schwartz – Former Chief Executive Officer	-	103,813
Anthony Walton – Former Director (estate of)	-	14,000
	144,194	267,706

Compensation of Key Management Personnel

Key management consists of the Company's directors and officers. The compensation paid or payable to directors and key management personnel, including consulting and professional fees for administrative, management, accounting, and legal services provided by these related parties, during the nine months ended September 30, 2021, and 2020 are as follows:

	2021	2020
	\$	\$
Buck Marshall – Chief Executive Officer and a Director		
Wages and benefits	225,234	-
Director fees	33,785	-
Dong Shim – Chief Financial Officer		
Consulting fees	45,000	45,000
Terrace Nixon – Chief Compliance Officer and a Director		
Wages and benefits	195,275	211,907
Director fees	33,785	-
Daniel Raczynowski – Director		
Wages and benefits	187,695	203,115
Director fees	33,785	33,303
Paul Litchfield – Director		
Director fees	33,785	18,000
James Marks – Director		
Consulting fees	-	118,833
Director fees	56,309	18,000
William Bratton – Director		
Director fees	33,785	-
Mark Bishop – Former Director		
Director fees	-	18,000
Jeffery Schwartz – Former Chief Executive Officer		
Wages and benefits	-	304,673
Stock-based compensation to officers and directors	1,343,434	8,461
	2,221,872	979,292

MISSION READY SOLUTIONS INC.**Management's Discussion and Analysis****For the Nine Months Ended September 30, 2021**

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this MD&A:

	Balance
Shares issued and outstanding	198,404,144
Stock options	22,869,862
Fully Diluted	221,274,006

Incentive Stock Option Grants

On March 18, 2021, the Company granted 4,400,000 stock options at an exercise price of \$0.70 per share for a period of five years to certain directors, officers and consultants of the Company.

On May 18, 2021, the Company granted 400,000 stock options at an exercise price of \$0.50 per share for a period of five years to an employee of the Company.

On June 22, 2021, the Company granted 500,000 stock options at an exercise price of \$0.50 per share for a period of five years to certain consultants of the Company.

On October 20, 2021, the Company granted 4,800,000 stock options at an exercise price of \$0.25 per share for a period of five years to certain directors, officers, employees and consultants of the Company.

Critical Accounting Estimates

The Company's critical accounting estimates remain unchanged from the Company's fiscal year ended December 31, 2020.

CONTINGENCY

During the year ended December 31, 2018, Company settled a whistleblower reprisal complaint filed under Title 10, United States Code, Section 2409, "Contractor employees: protection from reprisal for disclosure of certain information," implemented by Defense Federal Acquisition Regulation Supplement, Subpart 203.9, "Whistleblower Protections for Contractor Employees" in the amount of US\$45,000. During the nine months ended September 30, 2021, this amount has been fully repaid.

The Company is party to litigation (the "Claim") filed by a former 10-20 Services employee who worked at the Company's Barstow, California location until the facility was closed due to the lease expiry and finalization of a service contract. During the year ended December 31, 2018, the Company settled the Claim for US\$75,000. During the nine months ended September 30, 2021, the Company and former 10-20 Services employee entered into a general release and settlement agreement to settle and fully release all claims against the Company in the amount of US\$88,620. During the nine months ended September 30, 2021, this amount has been fully repaid.

MISSION READY SOLUTIONS INC.

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2021

As of September 30, 2021, the Company accrued \$9,046,110 (US\$7,100,000) as accounts payable pending the outcome of a claim currently in dispute. Product Source Group, LLC and JD. United Manufacturing Co. Ltd. filed a lawsuit against Unifire in New York Supreme Court, Monroe County, Index No. E2020010244 alleging failure to pay for the purchase of isolation gowns. Unifire removed the case to the US District Court for the Western District of New York, Case No. 6:21-cv-06272, and moved to dismiss for lack of personal jurisdiction. The motion to dismiss is pending. The parties have exchanged settlement offers. On May 14, 2021, the plaintiffs filed an amended complaint adding Mission Ready and three current or former officers of Unifire or Mission Ready as defendants. On November 5, 2021, the Company announced a proposed debt settlement with Product Sources Group, LLC and JD. United Manufacturing Co. Ltd. (the "Settlement Agreement") for the payment of the principal amount outstanding of US\$7,100,000 (the "Debt"). Pursuant to the Settlement Agreement, Unifire will pay US\$1.0 million within 60 days of the execution of the agreement, while the remaining US\$6.1 million will be paid by Unifire, in instalments, over the next 24 months. The Unifire Debt will bear interest at the prime rate published in The Wall Street Journal, adjusted quarterly. The Company has agreed to guarantee the obligations of Unifire for payment of the Debt on a limited recourse basis. In the event that Unifire fails to make a payment under the Settlement Agreement (a "Defaulted Payment"), during the period in which the Defaulted Payment, or portion thereof, remains uncured, the Creditor may elect to exercise its right to convert up to the lesser of the aggregate amount of the Defaulted Payment, or the portion thereof then outstanding, into common shares of the Company (the "Shares") at an agreed conversion price of US\$0.183 per Share (the "Debt Conversion"). The terms of the Debt Conversion are subject to the acceptance of the TSX Venture Exchange.

CRITICAL RISKS AND UNCERTAINTIES

Refer to "Critical Risks and Uncertainties" section of the annual MD&A for the year ended December 31, 2020. The risk factors remain primarily unchanged for the nine months ended September 30, 2021.

ADDITIONAL INFORMATION

Additional disclosure of the Company's, material change reports, new releases, and other information can be obtained on SEDAR at www.sedar.com, or by requesting further information from the Company's head office in Vancouver, BC, Canada.