



TARGETED  
MICROWAVE  
SOLUTIONS

**Condensed Interim Consolidated Financial Statements**  
For the three months ended March 31, 2021 and 2020  
*(Unaudited)*

**NOTICE OF NO-AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by Management and have not been subject to a review by the Company's external independent auditors.

**Targeted Microwave Solutions Inc.**  
**Condensed interim consolidated statements of financial position**  
As at March 31, 2021 and December 31, 2020  
Expressed in U.S. Dollars  
(Unaudited)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 2,032	\$ 2,071
Sales tax receivable	2,785	2,357
<b>Total assets</b>	<b>\$ 4,817</b>	<b>\$ 4,428</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable (note 5)	\$ 137,273	\$ 131,384
Accrued liabilities	32,669	31,598
Loans payable (note 3)	150,460	150,460
<b>Total liabilities</b>	<b>320,402</b>	<b>313,442</b>
<b>SHAREHOLDERS' (DEFICIENCY) EQUITY</b>		
Share capital (note 4)	11,858,641	11,858,641
Share-based payment reserve (note 4)	4,094,987	4,094,987
Accumulated deficit	(16,227,684)	(16,221,113)
Equity attributable to shareholders of the company	(274,056)	(267,485)
Non-controlling interest	(41,529)	(41,529)
	<b>(315,585)</b>	<b>(309,014)</b>
<b>Total liabilities and shareholder's (deficiency) equity</b>	<b>\$ 4,817</b>	<b>\$ 4,428</b>

**Going concern** (note 2b)  
**Commitments** (note 6d)

Approved on behalf of the Board:

\_\_\_\_\_  
"Gurminder Sangha"  
Director

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"Lyle McLennan"  
Director

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

**Targeted Microwave Solutions Inc.****Condensed interim consolidated statements of comprehensive loss**

For the three months ended March 31, 2021 and 2020

Expressed in U.S. dollars, except number of shares

*(Unaudited)*

	<b>Three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Expenses</b>		
Foreign exchange gain	\$ (2,614)	\$ (3,272)
Office, rent and other	4,190	3,496
Investor relations, filing and compliance fees	1,814	1,980
Professional fees	3,181	1,283
<b>Net loss and comprehensive loss</b>	<b>6,571</b>	<b>3,487</b>
<b>Net loss and comprehensive loss attributable to:</b>		
Shareholders of the company	\$ 6,571	\$ 3,487
Non-controlling interest	-	-
<b>Net loss and comprehensive loss</b>	<b>\$ 6,571</b>	<b>\$ 3,487</b>
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding		
Basic and diluted	128,024,439	126,540,923

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

**Targeted Microwave Solutions Inc.**  
**Condensed interim consolidated statements of cash flows**  
For the three months ended March 31, 2021 and 2020  
Expressed in U.S. dollars  
(Unaudited)

	<b>Three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net loss for the period	\$ (6,571)	\$ (3,487)
<i>Changes in non-cash working capital:</i>		
Sales tax receivable	(428)	4,759
Accounts payable and accrued liabilities	6,960	(33,285)
<b>Net cash used in operating activities</b>	<b>(39)</b>	<b>(32,013)</b>
<b>Financing Activity</b>		
Loan repayments	-	(5,712)
<b>Cash used in financing activities</b>	<b>-</b>	<b>(5,712)</b>
<b>Net decrease in cash</b>	<b>(39)</b>	<b>(37,725)</b>
Cash, beginning of period	2,071	43,471
<b>Cash, end of period</b>	<b>\$ 2,032</b>	<b>\$ 5,746</b>

**SUPPLEMENTAL CASH DISCLOSURES**

<i>Non-cash items excluded from investing and financing activities:</i>		
Loan conversions to equity	\$ -	\$ 556,877

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

**Targeted Microwave Solutions Inc.****Condensed interim consolidated statements of changes in equity (deficiency)**

As at March 31, 2021 and 2020

Expressed in U.S. dollars, except number of shares

*(Unaudited)*

	<b>Shares</b>	<b>Amount</b>	<b>Share-based payment reserves</b>	<b>Deficit</b>	<b>Attributable to company shareholders</b>	<b>Non- controlling interest</b>	<b>Total</b>
Balance, January 1, 2020	113,024,439	\$11,301,764	\$ 4,094,987	\$ (16,172,591)	\$ (775,840)	\$ (41,529)	\$ (817,369)
Loan conversion to equity	10,000,000	371,250	-	-	371,250	-	371,250
Private placement	5,000,000	185,627	-	-	185,627	-	185,627
Loss for the period	-	-	-	(3,487)	(3,487)	-	(3,487)
<b>Balance, March 31, 2020</b>	<b>128,024,439</b>	<b>\$11,858,641</b>	<b>\$ 4,094,987</b>	<b>\$ (16,176,078)</b>	<b>\$ (222,450)</b>	<b>\$ (41,529)</b>	<b>\$ (263,979)</b>
Balance, January 1, 2021	128,024,439	\$11,858,641	\$ 4,094,987	\$ (16,221,113)	\$ (267,485)	\$ (41,529)	\$ (390,014)
Loss for the period	-	-	-	(6,571)	(6,571)	-	(6,571)
<b>Balance, March 31, 2021</b>	<b>128,024,439</b>	<b>\$11,858,641</b>	<b>\$ 4,094,987</b>	<b>\$ (16,227,684)</b>	<b>\$ (274,056)</b>	<b>\$ (41,529)</b>	<b>\$ (315,585)</b>

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

## **Targeted Microwave Solutions Inc.**

### **Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2021

Expressed in U.S. dollars, except number of shares

(Unaudited)

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#### **1. NATURE OF OPERATIONS**

Targeted Microwave Solutions Inc. (the "Company" or "TMS") was incorporated on April 10, 2015 under the British Columbia Business Corporation Act and is domiciled in Canada. The Company is a reporting issuer in the provinces of Alberta, British Columbia and Ontario. The Company's shares are listed for trading on the NEX board of the Toronto Stock Exchange, Venture ("TSX-V") under the Tier 2 symbol "TMS.H". The Company's head office is located at 200 - 375 Water Street, Suite 8277, Vancouver, BC, Canada, V6B 0M9. The registered and records office is located at Suite 1000, 925 West Georgia Street, Vancouver, BC, Canada, V6C 3L2.

The Company is an industrial clean technology company in the business of developing patented microwave-based application technologies to dry, decontaminate, physically upgrade and fully eliminate or reduce environment harming emissions. The technology has specific application to mass-scale use of industrial aggregates, energy producing biomass, low-rank coals and other materials for use by power utilities and industrial companies. The Company formerly completed the construction and commissioning of a commercial scale pilot plant facility ("King William Plant") located in King William, Virginia where it previously tested advances in research and development of its microwave-based technology. The Company disposed of the King William Plant in June of 2018. The Company had a research and development office in Gaithersburg, Maryland, which was closed in July of 2017.

#### **2. BASIS OF PREPARATION**

##### **(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB have been condensed or omitted. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020. The Company's interim results are not necessarily indicative of its results for a full year. All amounts are expressed in U.S. dollars, unless otherwise noted. References to C\$ are to Canadian dollars.

These unaudited condensed interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 27, 2021.

##### **(b) Going concern**

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis. The Company's ability to continue as a going concern is dependent upon its ability to continue to raise financing and to set a viable path forward since the Company has terminated all employees, closed its US offices and disposed of the King William Plant and related assets.

The Company has incurred operating losses, working capital deficits, negative operating cash flows and an accumulated deficit as outlined in the table below. Since inception, the Company had no source of operating revenues and expects to incur further losses as it identifies a viable path forward. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. Realization values may be substantially different from the carrying values shown. These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company will have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

**Targeted Microwave Solutions Inc.****Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2021

Expressed in U.S. dollars, except number of shares

*(Unaudited)*

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As of March 31, 2021, and 2020, the Company reported the following:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Net loss for the period	\$ (6,571)	\$ (3,487)
Working capital deficit	\$ (315,585)	\$ (263,979)
Accumulated deficit	\$ (16,227,684)	\$ (16,176,078)

**(c) Critical accounting judgements, estimates and assumptions**

The Company's Management makes judgements in the process of applying the Company's accounting policies in the preparation of its condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's Management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities, as well as expenses at the end of the reporting period. The estimation process is inherently uncertain, therefore future outcomes could differ from present estimates and assumptions, potentially having a material effect on the Company's future results and disclosures. The critical judgements and estimates applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the audited consolidated financial statements for the year ended December 31, 2020.

**3. LOAN AGREEMENTS**

The following is a continuity of the Company's loans as at March 31, 2021:

	<b>Total</b>
Loans payable at January 1, 2021	\$ 150,460
Less: loan repayments	-
Loans payable at March 31, 2021	\$ 150,460

**4. SHARE CAPITAL AND SHARE-BASED PAYMENTS****(a) Authorized**

The Company has unlimited common shares without par value authorized.

**(b) Issued and outstanding**

There was no activity during the period ended March 31, 2021.

**(c) Share-based payment reserve**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**5. RELATED PARTY TRANSACTIONS****(a) Related party transactions**

The Company's related parties include its subsidiaries, key management personnel and entities owned by shareholders. At March 31, 2021, the Company owed a total of \$64,513 (December 31, 2020 - \$49,219) to an officer of the Company which was included in accounts payable. These amounts were unsecured, non-interest bearing and have no fixed terms of repayment.

**Targeted Microwave Solutions Inc.**

**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2021

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(Unaudited)

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The Company received loans from related parties and owed a total \$150,460 of principal and accrued interest at March 31, 2021 (December 31, 2020 - \$150,460). The loan is held by Claredon Capital Corp.

**(b) Compensation of directors and other key management personnel**

Compensation paid or payable to the Company's directors and key management for services provided during the period ended March 31, 2021 was \$nil (March 31, 2020 - \$nil). Key management is defined by the Company as the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and their controlled companies.

**6. FINANCIAL INSTRUMENTS AND RELATED RISKS**

The Company's financial instruments consist of cash, accounts payable and loans payable.

**(a) Financial assets and liabilities by category**

Cash, accounts payable and loans payable are carried at amortized cost.

**(b) Fair value of financial instruments**

The carrying values of cash, accounts payable and loans payable approximate their fair values because of their current nature.

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 - Quoted prices in active markets for identical, unrestricted assets or liabilities;

Level 2 - Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (supported by little or no market activity).

Cash is measured using Level 1 inputs.

**(c) Financial Instruments and Related Risks**

The Company is exposed to a variety of financial risks as a result of operations, including market risk, credit risk and liquidity risk. The Company's exposure to financial risks and how the Company manages each of those risks are described in note 10 to the Company's consolidated financial statements for the year ended December 31, 2020. There were no significant changes in the Company's exposure to those risks or to the Company's management of its exposures during the three months ended March 31, 2021.

**(d) Liquidity risk**

The Company manages its liquidity risk by preparing and reviewing forecasted expenditure and cash flow budgets. There are no assurances that sources of funds will be available to satisfy the existing obligations as noted in note 2(b), *Going Concern*.

**Targeted Microwave Solutions Inc.**

**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2021

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The following table summarizes the remaining contractual maturities of the Company's financial obligations as at March 31, 2021:

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	<b>Within 1 year</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Accounts payable	\$ 137,273	\$ -	\$ -	\$ 137,273	\$ 131,384
Accrued liabilities	32,669	-	-	32,669	31,598
Loan repayments	150,460	-	-	150,460	150,460
	<b>\$ 320,402</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 320,402</b>	<b>\$ 313,442</b>

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