



BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

**FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS**

DATED JANUARY 28, 2022

The following analysis concerns the financial situation, operating results and cash flows of Bee Vectoring Technologies International Inc. ("BVT" or the "Company") for the years ended September 30, 2021, and 2020. The discussion should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended September 30, 2021 and 2020, and the related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Forward-Looking Statements

This document may contain forward-looking statements relating to the Company's operations or to the environment in which it operates, which are based on the Company's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond the Company's control. A number of important factors including those set forth in other public filings could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the forecasted demand for the Company's products and services; the Company's success in obtaining patents for key technologies; the Company's success in expanding its product offerings; the Company's success in building differentiated applications and products; the ability of the Company to achieve rapid incremental customer growth; the Company's ability to retain key members of its management and development teams; and the Company's ability to access the capital markets. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company's disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information 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 information.

Business Overview

The common shares of the Company commenced trading on the Toronto TSX Venture Exchange under the stock symbol "BEE.V" on July 7, 2015. The Company's shares stopped trading (voluntarily) on the TSX Venture on August 20th, 2020 and commenced trading on the Canadian Stock Exchange (CSE) on August 21st, 2020, under the symbol "BEE.C".

BVT has commercialized a patented and patent pending technology specifically designed to utilize bees as natural delivery mechanisms for a variety of powdered mixtures comprised of organic compounds or currently used products which inhibit or eliminate common crop diseases, while at the same time promoting the growth of the same crops. This application process is without the use of water which is beneficial to areas under strict water management practices. In addition, independent companies can deliver their biocontrol's through the BVT platform allowing a broad spectrum of applications without significant capital costs for growers.

The bees walk through the powder mixtures as they exit their hive, and the mixture becomes temporarily attached to their legs enroute to the flowers of the crops of interest. The BVT System consists of a dispenser that is incorporated into the lid of commercially reared bumblebee hives or that attaches to the outside of a commercial honeybee hive. The dispensers have a removable tray or refillable cartridge that can contain non-toxic, organic, pesticides and fertilizers in powdered form, including BVT's proprietary carrier Vectorite™. Vectorite™ allows the bees to effectively pick up the inoculums on their way out of the hive. Multiple inoculums for a variety of different pathogens and pests can be mixed in the Vectorite™ in a process called "stacking". BVT has its own bio control organic inoculant fungi, BVT-CR7, used to inhibit and control certain pathogens in high value crops such as strawberries, blueberries, tomatoes, canola, sunflowers.

The trays or cartridges are changed or refilled approximately every three to nine days in order to replenish the depleted inoculum, ensure the freshness of the inoculant fungi, prevent infections to the bees which may result from bee waste, and avoid packing or clumping of the inoculum in the trays. No special skills are required to replace the trays or refill the cartridges and the process takes a minimal amount of time to complete. Exact and predetermined amounts of inoculum are placed in the tray or in pouches to fill cartridges. BVT has custom designed machinery to precisely fill these sealed trays called Vectorpak™ trays, or in pouches called Vectorpak pouches.

In addition to its bee delivery systems which are now commercially available, the Company has started the evaluation and development of its proprietary biological control agent BVT CR-7 for delivery to crops via applications such as spraying, incorporation into soil and application to seed as a seed coating before planting.

Summary

BVT was established with a view to providing effective protection of crops against disease organisms and insect pests, which is critical for achieving high yield and quality in many pollinated crops. Inadequate protection of crops can lead to major losses in yield and quality of fruit and seed. BVT possesses a patented and patent pending organic crop control and delivery system that has numerous competitive advantages over commercial pesticides and their applications.

The current technology used for protecting the flowers of crops relies heavily on the use of chemical pesticides (fungicides and insecticides) applied as sprays while the crops are in bloom. Problems with current spray technology include:

- Limited effectiveness because many flowers may open and die during spray intervals and therefore remain untreated. Sprays generally protect flowers for only 3-4 days. As many as half of the flowers during the entire bloom period of a crop may remain untreated by spray programs.
- Most (up to 95%) of the pesticide is deposited on non-targets, such as soil and leaves.
- Pesticide sprays often kill or inactivate many beneficial organisms present in crops.
- Pesticide use risks contamination of the environment, such as soil and water resources.
- Pesticides can contaminate foods and feeds, such as fruits and seeds and leave a chemical residue.
- With many crops, such as greenhouse tomatoes, workers cannot re-enter the crop for hours or days after pesticides are applied, which is disruptive to crop production practices and labour use.

- Many pesticides lose their effectiveness with repeated use, as disease organisms, and as pests and plants become resistant and insensitive to the repeated use of certain chemicals.
- Many chemicals require substantial amounts of water to be used as part of the delivery system and result in issues of run-off to the water table.
- Current chemicals are suspected of killing insects and bees and other organisms long after application with possible long-term detrimental effects on the environment.

BVT's patented and patent pending technology uses bumblebees and honeybees as a system to deliver naturally occurring beneficial fungus and other beneficial microbes to flowering plants. BVT offers an organic means to control diseases and pests and provide plant enhancing properties while requiring zero water for delivery. The delivery method allows for delivery of BVT inoculums either individually or together with other bio controls. Multiple bio controls could be mixed together for delivery by bees to solve a range of problems. The platform can deliver many inoculums or pathogen controlling products effectively. The flower is an effective portal to deliver these controls to crops and bees are the ideal natural way to get to the majority of the blooms. Bees will touch almost all flowers that are in bloom thereby delivering inoculum consistently throughout a bloom period.

Prior to 1990 virtually no bees were used for pollination in greenhouses, however today greenhouses worldwide use millions of bees to pollinate vegetable crops and fruits. Bees are also used in many outdoor crops and orchards for pollination, such as apples, blueberries, and almonds.

The process of using bees as a delivery system is called "bee vectoring". BVT will employ these same bees to deliver inoculants on outbound trips to assist in crop pest control and to deliver a fertilizer or plant enhancer products in greenhouse crops and outdoor crops.

BVT targets diseases and pests that can negatively affect a crop through and around the flower. Initial diseases targeted with its own bio control BVT-CR7, are Botrytis and Sclerotinia. Additional diseases and pests will be targeted as well, including through the use of third-party bio control products.

Further revenue streams are being developed for crops that are not pollinated or to protect crops against diseases that affect the crops at timings other than during bloom where bees would not be used for application of plant protection products. For these revenue streams the Company is developing its BVT CR-7 for application as a seed treatment to seeds of various crops such as soybeans, and for spray or soil application to replace chemical fungicides and enhance crop health.

Botrytis

Strawberries, blueberries or raspberries often grow grey fuzz, which appears over time as the berries are stored or refrigerated resulting in waste. This is Botrytis and it becomes more active as the produce ripens in shipment or storage. The fungal pathogen, Botrytis cinerea, causes blossom blight and berry rot. It overwinters as mycelium in dead leaves and mummified berries of affected crops and as minute black bodies (sclerotia) such as on raspberry canes. Under humid conditions throughout the growing season, spores (conidia) are produced on minute tree-like structures (conidiophores) that grow on the dead foliage, old berries and on sclerotia. In mass they appear greyish hence the name "grey mold". The spores are dispersed in their millions by wind, rain, and overhead irrigation, many to new leaves, flowers and berries. Under favorable conditions of moisture and temperature the spores can germinate and infect these aerial parts of the crop.

The fungus can infect leaves of almost any age, but it remains quiescent and latent inside the leaves until they senesce and turn yellow. Young canes (primocanes) of raspberries can be infected via the leaf petioles and may wilt, die and be covered with grey mold. Flowers of all berry crops are highly susceptible to Botrytis infection. Germinating spores of the fungus can readily infect and colonize all flower parts throughout the bloom period, often turning the blossoms brown. It is from this important entry point that the fungus is able to grow and establish latent infections within the young fruit. Fruit infections generally remain quiescent and without symptoms until the berries are nearly ripe or have been harvested. In strawberries and raspberries, spores produced on unpicked, leaky, or overripe fruit may lead to further flower and fruit infections in the crop.

Sclerotinia

The soil borne pathogen *Sclerotinia* causes white mold diseases which can seriously damage and in some cases quickly and completely destroy a crop. Numerous kinds of crops can be attacked, including canola, sunflowers, blueberries and strawberries.

Sclerotinia white mold is a significant risk in all fields of canola and sunflowers in Canada and in many other regions of the world. No viable solution exists for sunflowers as spraying is impractical due to height of the flowers and the frequency of applications needed for adequate control. In many areas, fungicides are no longer effective against *Sclerotinia* on account of pathogen resistance.

These two diseases, *Botrytis* and *Sclerotinia*, are closely related and part of the reason BVT's patent pending biological control agent (biocontrol) works on both pathogens. BVT's bio-control controls diseases by spatial occupation of plant tissues and pre-empting tissue invasion by pathogens. As soon as bees deliver BVT's patented biocontrol to flowers, the fungus germinates and colonizes the flower tissues without causing any harm or symptoms. It colonizes earlier and faster than disease organisms and thereby occupies space the disease organisms would normally use while attacking the plant.

Principal Products

BVT has patents granted and/or pending for the following technologies:

1. Biocontrol called "BVT-CR7": a particular strain of fungus acting as a beneficial endophyte controlling targeted crop diseases and increasing crop yield;
2. Vectorite™: a recipe of ingredients that allows bees to carry BVT-CR7 and other beneficial fungi or bacteria in their outbound flights to the crops; and
3. An integrated dispenser and removable and sealable tray system for bumble beehives in which the Vectorite™ containing BVT-CR7 or other third-party microbial products is placed through which the bees pass and pick up the Vectorite™.
4. A computer-controlled dispenser system for use with honeybee hives which can dispense in a controlled manner a determinate amount of the Vectorite™ containing BVT-CR7 or other third-party microbial products for delivery to crops using honeybees.

BVT-CR7 is a specific organic strain of a natural occurring endophytic fungus. It has not been genetically modified or altered in any way. Bees and plants are well accustomed to this kind of fungus, and it is harmless to humans. After delivery by the bees to the crops it dies out naturally within 24-48 hours if it is unable to find suitable host plants. BVT-CR7 is a selected strain of a fungus that is commonly found in a large diversity of plants and soils all around the world. It grows harmlessly in the inside of plant tissue. BVT-CR7 is able to control numerous diseases but is especially effective for controlling those caused by the fungal pathogens, such as *Botrytis* and *Sclerotinia* discussed above. BVT-CR7 is endophytic in flowers, fruits, leaves, stems, and roots of plant hosts. It does not cause disease or substances toxic to plant tissue and is considered to be residue free. Other microbial agents are not endophytic or have very limited endophytic ability.

As an endophyte, BVT-CR7 also enhances plant growth by organically increasing nutritional uptake, improving root size and structure, improving vegetative growth and size of plants, increasing the number of flowers and flower size, increasing resistance to diseases and environmental stresses, and preventing *Botrytis* and *Sclerotinia* development. BVT-CR7 has no re-entry issues (i.e. the time workers have to be excluded from the greenhouse to allow conventional pesticides to dissipate), it can be used up to the day of harvest, it's organic, and its beneficial effects last longer than traditional chemical fungicides.

Berries developing from BVT-CR7 treated flowers have natural built-in protection against diseases and consequently last longer and have a longer shelf life. This gives growers additional valuable time to get the fruit to market and consumers more time to enjoy the fruit. Blueberries, for example, sometimes require 14 days just to get to market.

Vectorite™ is a formulation of different ingredients including the BVT-CR7 biocontrol, as well as other future biocontrols, specially formulated to allow the powder to attach to the legs and bodies of the bees and thus be carried by the bees towards the flowering crops as they leave the hives. One of the significant benefits to this system is the fact that several bio-controls can be used together to cover more diseases and pests than just those targeted by BVT-CR7, thereby reducing costs and making this system more effective. For example, Thrips are present in almost all greenhouses in the world and a significant issue to the grower. Several bio-controls are already registered and produced by third parties for use in spraying applications to control Thrips. BVT is and will evaluate these bio-controls for suitability in its system and compatibility with BVT-CR7. One such biocontrol is *Beauveria*, a fungus already registered and produced by third parties. *Beauveria* is used to control Thrips which either spread a virus that kills crops or lays their eggs in fruit like strawberries rendering them useless. Most if not all greenhouses, including flowering or ornamental greenhouses, in the world, suffer from Thrips.

BVT has developed an inoculum dispenser system that is incorporated into the lid of the commercial bumble beehive. In the dispenser is a removable tray that contains, in powder form, the inoculant fungi and a mixture of products (being, Vectorite™) that allows the bees to effectively pick up the product on their way out of the hive. Vectorite™ allows the inoculant to get attached to the bee's hairy legs and bodies as they walk through the tray on their way out of the hive.

Bumblebees are used because of their efficiency and effectiveness in distributing BVT-CR7. Bumble bee hives are produced commercially and are approximately 14 x14 x10 inches in dimension. Each hive holds up to 300 bumble bees and the bees live for approximately 5-6 weeks then die out naturally. At the end of this cycle, the hives are destroyed. Bumble bees are natural pollinators making thousands of trips a day each and visiting approximately 10 flowers per minute.

The Company has developed a similar system to work with honeybee hives. This system opens up additional opportunities in crops such as almonds and sunflowers where honeybees are used to pollinate crops more commonly.

Seasonality of the business

The Company's business is seasonal and follows crop cycles. In particular the BVT system is used during the blooming period of the targeted crops, which for outdoor crops will occur once in a crop season -- once a year and may last only for a few weeks (eg. 6-8 weeks in the case of blueberries). For the berry crops in North America which are the initial targeted crops, this blooming period is between January (in the Southern growing regions) and May (in the Northern growing regions). This means that revenue will be initially generated during those early months of the year, and the rest of the year there may be minimal or no revenue.

As the business expands to other crops which bloom later in the year, into other geographies around the world which will have different crop seasons, and into greenhouse production where there may be multiple crops seasons in a year, the seasonality of the business will change.

Strategic Positioning

The Company is focusing on three key strategic priorities:

1. **Commercialization in the US:** continue to gain grower acceptance through trials and demos, and secure regulatory approvals which will drive revenue in the prioritized crops. The focus is initially in berry crops across the United States, followed by other pollinated crops including fruit and nut trees;
2. **Geographic Expansion:** use the know-how gained in the US to replicate the commercial success in other markets around the world which grow the targeted crops;
3. **Portfolio Expansion & Extension:** leverage the Company's core assets of BVT CR-7 and its honeybee and bumble bee dispenser systems to develop new revenue streams by developing additional products for delivery using bees, and new application methods for BVT CR-7 to address crop disease control needs in areas such as soil or late season leaf diseases where bees would not be a suitable delivery method since there are no flowers for them to visit.

To drive these priorities and build a sustainable business, the company is working on initiatives covering 4 areas of activity:

1. **Commercialization/Marketing** – the Company has proven the fit of its technology as a value-creating tool for growers in multiple crops and is aggressively pursuing commercialization. Activities in this area include market development and expansion, refining the product offer, establishing value proposition and positioning in prioritized crops, generating demand with growers, marketing and generating revenue.
2. **Product Development & Innovation** – the Company is creating a new category in the crop protection area, and excellence in product development and innovation are critical for sustainable long-term success. Activities include field trials in prioritized crops from proof of concept through commercial demonstrations, portfolio expansion projects and building a competitive advantage through intellectual property.
3. **Regulatory & Approvals** – regulatory approvals will give the Company complete license to operate and allow it to capture full value for its technology. Secured approvals and licenses represent competitive barriers and enable discussions with third party partners to accelerate commercialization and market expansion. Activities include completing studies to prove the technology’s efficacy and safety, submitting and pursuing regulatory approvals in select markets by using a network of regulatory subject experts who understand and are connected to the relevant authorities.
4. **Corporate Development including Partnerships** – the Company has unique technology that it believes will create a new category in crop protection and enhancement. The Company intends to build a strong internal foundational asset base and exploit partnerships to accelerate and expand its business. These partnerships will bring various strategic benefits, such as preferred supply arrangements (e.g., for bees), in-licensing of additional bio-control agents, go-to-market partnerships, or strategic technology collaborations. Activities include building a high profile as an industry leader, a network of potential partners, and negotiating agreements that fill strategic needs and accelerate the business.

Milestones achieved during the twelve months ended September 30, 2021 and to the date of this MD&A:

Commercialization / Marketing Activities:

- 2020/21 season: The Company is seeing accelerated growth as it continues to commercialize its proprietary crop productivity tool as revenue increased by 47% in USD terms (which is how the company invoices its customers) for the 12 months ended September 30, 2021 compared to the same period in the previous fiscal year (see table in Results of Operations). This represents growth and progress made in the Southeast berry market, first time revenue in Michigan, New Jersey and the Pacific Northwest, and first trials secured in California. The Company now has over 40 customers across the US who have used its solution commercially and has begun sales of its new dispenser system for honeybees.

BVT secured 24 grower deals for the 2021 blueberry growing season in Georgia and the Carolinas, the Company’s second season selling commercially following EPA approval in August 2019, and its largest market currently. This includes a 100% customer retention rate, with all 11 growers from the last growing season committing to using BVT again in the next growing season, plus thirteen new grower customers secured. This shows the strong impact that BVT’s natural precision agriculture system has for growers, and the momentum that it has achieved in just two selling seasons.

In 2021, BVT expanded its sales efforts across the US. The Company hired new sales representatives to service the Pacific Northwest and California regions.

BVT secured its first grower trials in berry crops and almonds in California, where the Company received regulatory approval and its commercial license to sell in January on its proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) (CR-7) biological fungicide. Eight commercial-scale grower trials were being conducted in berries, including with two of the world’s largest berry companies and their growers on blueberries, caneberries (blackberries and raspberries) and strawberries in the three main growing regions in the state for

berries, which are among the most productive and diverse agricultural growing areas in the world. BVT also conducted trials with almond growers and key crop advisors in the main almond growing region in the state, the Central Valley.

- Market expansions:

Mexico

The Company completed three official registration trials of the Company's proprietary *Clonostachys rosea* CR-7 (CR-7) biological fungicide on commercial strawberry and tomato crops in Mexico. BVT worked with a Mexican government approved researcher to conduct the biological efficacy trials which are a requirement for the registration process in Mexico. Results confirmed the efficacy of CR-7 in controlling key diseases on the crops as expected. The Company has submitted the efficacy trials for review by the Mexican agriculture authority and is preparing the remaining registration dossier for full submission to the Mexican health authority.

The Company is in touch with the Mexican authorities who have advised that there have been delays due to the COVID-19 pandemic which have caused unforeseen delays in acceptance and subsequent review of regulatory dossiers. Full regulatory submission can be made only following review of the efficacy results. Based on the COVID-19 related delays at the Mexican authorities it is difficult to estimate when the full submission will be made, but the Company remains hopeful for submission in 2022.

In anticipation of the commercial launch in Mexico, the Company has started market development activities of its proprietary bee vectoring system with delivery of Vectorite™ with CR-7 by both bumble bees and honeybees. It has completed early trials with two major Mexican berry growers on blueberries and blackberries. The growers, who farm in multiple states across Mexico, saw positive results. Further trials are being planned for the next growing season. In addition, the company has built partnerships with two major bumble bee companies serving the Mexican market and some large commercial honeybee companies who provide pollination services to growers.

Switzerland

The Company announced the opening of its new European office and R&D center in Switzerland's Agri & Co Innovation Center, where the Company joins other innovative organizations in the country's flourishing ag-tech community. The new location is designed to help BVT continue its innovation in biological crop protection delivery systems. It includes a fully equipped laboratory, growth chambers, greenhouse space for trialing (which started in spring 2020), and 95 hectares of land leased to a local grower who will host trials in his fields, as well as office space. In addition, BVT has received the full support of Agri & Co staff and the Swiss canton of Fribourg's state government, access to experts in various fields, as well as facilitated R&D collaborations with other ag-tech innovators.

The Company has submitted for regulatory approval in Switzerland in 2018 and its dossier is under review by the Swiss authorities. Increasing restrictions on use of chemicals in Europe positions BVT favourably in this significant market. Industry partners, as well as farmers, need crop disease management alternatives that appeal to the environment conscious consumer. BVT is in active discussions with potential partners and is working on multiple testing and go-to-market agreements.

Canada

The company has commenced the few additional studies that will allow BVT to apply for Canadian registration (through the Pest Management Regulatory Agency, or PMRA). The Company is working with its regulatory consultant to organize the process for submission. It should be noted that for the bulk of studies required by the PMRA, the Company can use the studies that were submitted to the US EPA that resulted in approval in the USA.

Peru

The company has announced it is expanding into Peru, extending its presence into a major global blueberry market. The Company will also pursue other crops including avocados. BVT has begun the development work needed to enter Peru, including trial and regulatory requirements. The first step in entering the Peruvian market is to secure an Import and Experimental Use Permit, which would enable field trials of BVT's proprietary *Clonostachys rosea* CR-7 microbial strain (CR-7), delivered through the Company's bee delivery system. Once the permit is secured, the Company plans to run berry and avocado trials at the start of the next growing season for each crop type. The data from the trials will be used for regulatory submission.

Other countries

The Company is also in discussion with potential partners in other countries including Morocco, Turkey, Israel, and South Africa which are important export-oriented markets for the crops of interest to BVT.

The Company announced that it is conducting trials in Morocco (through a partner)-, a significant market opportunity for its proprietary bee-delivered crop productivity system. The Company is also in discussions with well-established commercial partners in the region who have expressed interest in collaborating with BVT to bring the Company's system to market for growers in Morocco. One potential partner that has been in the Moroccan market for decades has rolled out a significant trial program covering four different crops, including strawberry, raspberry, blueberry and tomato crops.

Product Development / Innovation Activities

- Product expansion:

CBC-Biogard Agreement & In-licensing activities

The Company announced its first commercial agreement with BIOGARD, a division of CBC Europe S.r.l. (BIOGARD), one of the leading bioprotectant companies in Europe. Through the agreement, BVT will have exclusive access to BIOGARD's biological insecticide *Beauveria bassiana* ATCC 74040 for bee vectoring uses throughout the European Union and Switzerland.

Through the agreement, BVT will develop a biological insecticide solution for delivery to crops through BVT's proprietary bee vectoring platform using BIOGARD's active substance registration. This could be either stacked alongside BVT's own biological fungicide, *Clonostachys rosea strain CR-7* (CR-7), for a complete fungicidal plus insecticidal solution for certain crops, or used as a standalone when diseases are not present. Bee vectoring uses up to 98% less product per crop hectare compared to traditional application methods since the active ingredient is delivered directly to crop flowers with no waste. The agreement also includes a long-term arrangement for BIOGARD to supply active substance to BVT.

The Company previously completed Phase One lab trials on six third-party products to assess their potential for application to crops using BVT's proprietary bee delivery systems. Phase Two field studies on three of those products were completed in 2020 and 2021 with successful outcomes. The company is in discussion with other third-party partners on next steps which include gaining commercial access to these products which already have some regulatory approvals. This in-licensing effort resulted from the Company building a network of potential partners who have products that are suited for control of pests on crops during the flowering period.

This will be an ongoing effort to expand the portfolio of products used in bee vectoring with a goal to open new market opportunities and fast-track additional revenue for BVT. Because these microbial candidate products control a different spectrum of crop pests than BVT's proprietary *Clonostachys rosea strain CR-7* (CR-7), they can be in crops where pests controlled by CR-7 are not present, or along with CR-7 on crops that have multiple pests affecting the flower area. Adding third-party products to existing CR-7 applications is achieved by "stacking" two or more microbes together, a practice already common in seed treatment applications. Using the

new products on new crops creates additional revenue streams and will increase revenue from crops that already use CR-7.

New uses of BVT CR-7

Some of the largest crops worldwide such as corn and soybean do not require bees for pollination. In addition, there are several diseases that affect crops during periods other than bloom which would be difficult to manage through bee vectoring application. BVT is conducting seed treatment trials and will be conducting spray and soil-applied trials (which are in final planning stage) of its proprietary beneficial microbe – *Clonostachys rosea* strain CR-7 – which could potentially benefit hundreds of millions of acres of additional crops and open new revenue streams for the company.

- Intellectual property: The Company received patent allowance for its microbial strain BVT-CR7, granted in the United States. This patent allowance protects a critical component of the BVT Technology. This is the first patent granted to BVT for its BVT-CR7 microbial strain, representing the start of a fourth family of granted patents in BVT's expanding patent portfolio. This patent application is under review by 15 other patent authorities around the world, including the European Patent Office.

The Company has been granted a US patent for the latest version of its honeybee hive dispenser system. The new system is computer-controlled and enables metered, uniform delivery of plant protection products to crops using commercial honeybees. This is the first patent on its honeybee dispenser system and represents the first patent in a fifth overall area of technology of the Company. The Company has tested and is bringing this innovation to market in the US. This patent strengthens the patent protection for the honeybee system.

BVT continues to pursue an aggressive IP strategy which gives it a competitive advantage as it continues to pursue third party partnerships and market expansion opportunities. It now has over 65 patents granted worldwide and over 35 pending, including the new honeybee system. Consisting of six patent families, the patents cover North America, South America, Europe, Asia and Australia.

Regulatory / Approvals Activities

- US EPA approval - On August 28, 2019, the EPA approved BVT-CR7 for use as a fungicide on commercial crops. BVT-CR7 is the first registered active ingredient for the Company and the first active ingredient approved by the EPA for application via bees. Sold under the brand name Vectorite™ with CR-7, the product is labeled for numerous high-value crops, including strawberries, blueberries, sunflowers and almonds. With this approval, the BVT is positioned to officially launch and begin to generate revenue with Vectorite™ with CR-7, starting with the 2019 fall and winter blueberry and strawberry season in the U.S. The registration permits BVT to make positive crop protection claims when selling Vectorite™ with CR-7. The EPA's registration makes Vectorite™ with CR-7, EPA Registration. No. 90641-2, available immediately for sale as a registered fungicide for use on the labelled crops.
- The EPA additionally established an exemption from the requirement of a tolerance under the *Federal Food, Drug and Cosmetic Act* for BVT-CR7, the active ingredient in, Vectorite™ with CR-7. The tolerance exemption decision applies to all registered end-use products based on BVT-CR7. This includes Vectorite™ with CR-7 for delivery using bees, and future products currently in development by BVT for delivery via traditional foliar spray, soil drench or seed coating methods. The exemption applies to crops treated with BVT-CR7 that are grown and consumed in the U.S., as well as crops that are grown outside of the U.S. and subsequently imported into the country. This tolerance exemption complements the EPA approval and OMRI organic certification for Vectorite™ with CR-7.
- California approval – The Company completed the regulatory approval review process with the California Department of Pesticide Regulation (CDPR) on its proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) (CR-7) biological fungicide for use on commercial crops via delivery using bees.

The company was issued the commercial license from the California Department of Pesticide Regulation (CDPR) on its proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) (CR-7) biological fungicide following completion of the CDPR approval review process in December. BVT's product is now available for sale in California. Previously, the Company had received its US Environmental Protection Agency (EPA) approval in August 2019.

California is BVT's largest and most crop-diverse market opportunity in the US, where there are 1.3 million acres of key crops for the Company to target and 1.1 million of them are already using commercial honeybees for pollination. BVT's CR-7 is the first registered active ingredient for the Company and the first active ingredient approved by the EPA and CDPR for application via bees, in which BVT is a global leader. All this, combined with the Company's patented honeybee dispenser, means BVT is uniquely positioned to address California grower needs in multiple crops.

- Organic certification obtained - BVT has official organic certification in the US, and its proprietary formulation of VECTORITE™ with CR-7 is listed by the Organic Materials Review Institute (OMRI). The listing means the product meets the US Department of Agriculture's (USDA) guidelines under the National Organic Program standard and is allowed for use in certified organic crops.
- Submission in Switzerland - BVT has submitted its Swiss pesticidal registration application which is now under review.
- Mexico – The Company completed official in Mexico by government approved researchers, in support of registration (see market expansion section).
- Canada - The Company is working with its regulatory consultant to organize the process for submission with the PMRA and has commenced final studies which will be required for this process.
- Peru – The Company is working with an established Peru-based agriculture consultancy to prepare its regulatory approval process and lead market development efforts.

Corporate Development / Partnering Activities:

- Partnerships and product range extensions:

The Company signed its first commercial industry partnership with CBC Biogard (see Product Expansion section above). This also represents its first third-party product access agreement and first path to revenue in the European Union.

The Company announced it has signed a Memorandum of Understanding (MOU) with BioSafe Systems, LLC where the companies have agreed to enter into detailed discussions on multiple business partnership projects that call upon each other's expertise. BioSafe and BVT are both leaders in the agricultural biologicals industry with a similar customer base and offer services and products that are complimentary to one another.

The projects will enable both companies to expand each other's product offerings, markets and customer base. Opportunities include pairing BioSafe biologicals with BVT's bee vectoring system and using BVT's *Clonostachys rosea* CR-7 (CR-7) strain for non-bee-vectoring applications. Specific agreements in these areas will follow after evaluations and more detailed discussions on business terms.

BVT has entered into several third-party testing agreements of its proprietary beneficial microbe *Clonostachys rosea* strain CR-7 for use as a foliar spray and/or as a seed treatment. These product range extensions would open significant new markets. As noted earlier, BVT has also entered into multiple agreements to evaluate third-party microbial products for delivery through its bumble bee and honeybee delivery systems.

BVT entered into a global technology sharing agreement with Biobest Group NV of Belgium, a leading player in pollination and biological control with presence in 60 countries on 5 continents. The agreement provides reciprocal access to certain patents of each company and represents BVT's first partnership with a significant industry player. The agreement enables both companies to accelerate efforts to bring best in class bee vectoring solutions to growers worldwide and ensuring leading positions in the market.

- Industry exposure: The Company continues to generate high levels of interest within the Agricultural industry and with the media. BVT is pursuing discussion with 15 companies covering 4 different areas: Commercial (distribution arrangements in markets where a partner company has a strong sales presence); Product expansion (partnerships with companies that have biological control agents that could be vectored by bees to manage pests on crops that are not addressed by BVT's CR-7); Market extension (foliar and seed treatment uses for CR-7 in areas where bees are not used); R&D (partnerships to strengthen knowledge of bees and delivery by bees thus optimizing the system and capturing greater value).
- Industry awards and recognition:

The Company was recognized at this year's IHS Markit's Crop Science Awards, winning Best Precision Application Technology Innovation for its proprietary bee delivery system and VECTORITE™ with CR-7. Winners were announced at the Crop Science Forum & Awards, held online on November 3, 2021. This is BVT's second win in this category: the first was in 2019. The Crop Science Awards (previously known as the Agrow Awards) recognize excellence in the crop protection and digital agriculture industries worldwide, celebrating best-in-class scientific, technological, and leadership initiatives. They are led by the Agribusiness Forum & Awards division at IHS Markit, a leading industry market research and analytics company, in collaboration with Chemical Week, the world's leading news source for chemical industry executives and professionals around the globe.

The International Biocontrol Manufacturers Association (IBMA) has recognized BVT with the prestigious Bernard Blum Award for novel biocontrol solutions, awarding Bronze for BVT's VectorHive™ system. The Bernard Blum Award is presented annually for the year's most innovative biocontrol products – those that have a high impact in pest/disease management and low impact on human health and the environment. All 230 members of the association, along with third parties, were invited to submit their most innovative solutions.

The Company was one of the winners of the Agri & Co Challenge by the Swiss State of Fribourg and was recognized as the COREB Award winner. BVT and 15 other companies beat out more than 150 other ag-tech companies from 53 different countries for the award. In addition to being one of the ten relocation program winners, BVT was singled out as the COREB Award winner, with an additional cash prize of CHF 5,000. COREB is an association of communities within the Broye region of Switzerland that supports technology companies and encourages them to establish a presence in the region. The COREB Award is voted on by the public and is based on the perceived viability of technology, likelihood of success, and mission of the organization. The company opened its European R&D center and office in the Agri & Co Innovation Center as discussed in the market expansion section.

Financing events

On October 7, 2020, the Company closed a non-brokered private placement of 2,661,366 units at a price of \$0.24 per Unit for gross aggregate proceeds of \$638,727. Each unit consisted of one common share and one transferable common Share purchase warrant. Each Warrant will entitle the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD\$0.40 per Share.

On December 17, 2020, the Company closed a non-brokered private placement of 1,111,111 units at a price of \$0.24 per Unit for gross aggregate proceeds of \$266,666. Each unit consisted of one common share and one transferable common Share purchase warrant. Each Warrant will entitle the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD\$0.40 per Share.

On December 17, 2020, the Company reached agreements with arms-length parties to settle outstanding accounts payable of \$800,000 (of which \$400,000 was outstanding as at September 30, 2020) for consulting services provided to the Company, in consideration for the issuance of 3,000,000 shares.

On February 4, 2021, the Company announced that it closed a non-brokered private placement of 7,306,625 units at a price of \$0.32 per unit for gross aggregate proceeds of \$2,338,120. Each unit consists of one common share and one transferable common Share purchase warrant. Each warrant entitles the holder, on exercise, to purchase one additional share for a period of 24 months following the closing, at an exercise price of CAD\$0.525 per Share.

On February 26, 2021, the Company announced that is closed a non-brokered private placement and has issued 2,770,875 units at a price of \$0.32 per unit for gross aggregate proceeds of \$886,680 (with the same terms as the February 2, 2021, private placement).

During the year ended September 30, 2021, warrants were exercised for proceeds of \$1,660,500, and 533,031 stock options were exercised for proceeds of \$103,941.

Subsequent to year end, the Company issued 275,000 common shares upon the conversion of 275,000 RSUs, and 200,000 common shares on the exercise of 200,000 stock options.

R&D Activities and Significant Projects

The Company’s research and development program includes activities and projects with an objective to support and expand the addressable market for its technology. The R&D program includes activities and projects to support the commercialization activities in the US, market expansion including trials and regulatory approval processes to gain license to operate in additional countries beyond the US, and product line extensions.

These R&D projects require cash expenditures which can be significant in some cases. The start of these projects and the speed at which they progress are dependent on the amount of funding available to the Company, and so the larger projects (for example pursuing regulatory approval in the European Union) will start after securing the required financing.

These projects require a lot of coordinated planning and execution across multiple functions of the company and can take several years to complete. Timelines are also affected by factors outside the company’s control such as environmental conditions affecting the outcome of field trials, or response time from governmental approval agencies.

The table below summarizes key activities and projects of the R&D program, the tasks needed to complete the work, the current stage for each project, where the work is being/will be done, the estimated spend over the life of the project, and the estimated time to complete. The time of completion is dependent on the funds available to the company.

R&D Activity	Work required to complete	Stage*	Work done by	Estimated spend to complete	Estimated time for completion
<u>Support Commercialization</u>					
US field trials	Field trials to confirm efficacy and fit in various crops; Gain key-influencer support	4	Contracted & in-house	\$100k per year	Ongoing
Sales support tools	Develop tools to help sales in US and partners ex-US	1 & 2	Contracted & in-house	\$30k per year	Ongoing
<u>Geographic Expansion</u>					

Mexico expansion	Complete required studies; Prepare and submit dossier seeking approval; Answer questions from authorities	2	Contracted	\$100k	2024
EU expansion	Develop strategy (EU requires 2 steps - active substance and end use product; careful selection of a representative member country for review); Complete required studies; Prepare and submit dossier; Answer questions from authorities	2	Contracted	\$500k - \$1mill	2024+
Canada expansion	Complete required studies; Prepare and submit dossier seeking approval; Answer questions from authorities	2	Contracted	\$150k	2024
Switzerland expansion	Answer questions from authorities; Field efficacy trials	3 & 4	Contracted	\$50k	2022
<u>Product Portfolio Expansion</u>					
Product expansion - in-licensing	Lab tests to confirm compatibility; Field trials to confirm efficacy; Negotiate agreement with 3rd party; Complete regulatory work as required	1 & 2	Contracted & in-house	\$300k (per product)	2024
Product expansion - new end-uses	Lab work for proof of concept; Field trials for efficacy; Formulation development; Regulatory approval	1 & 2	Contracted & in-house	\$300k - \$500k	2025
SUBTOTAL R&D ACTIVITIES					

* Stage	1	Lab scale testing
	2	Studies incl. efficacy trials
	3	Regulatory review
	4	Field demonstration
	5	Commercial

COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

The agriculture industry is considered essential (for food supply), and while the Company is still able to service its customers, to date, the Company has been impacted as follows:

- 1) New sales impacted as travel restrictions have made it difficult to conduct demonstrations to growers – the most effective way for the Company to discuss and demonstrate its solution with new customers is through in-person interactions. The Company has a small field organization, so it relies on its sales and marketing personnel being able to travel across the US from Canada and within the US for its commercial efforts. Due to the travel restrictions through much of the spring and early summer this was not possible, and so the Company had to use a less effective “virtual” sales process to reach new growers. Despite these constraints the company was still able to penetrate new markets in the midwestern US and the Pacific Northwest, although with fewer growers than it was targeting. As travel restrictions ease, and word-of-mouth from the growers who did use the system spreads, the Company expects being able to reach a wider group of growers for the next season.
- 2) Product registration process has slowed – most government agencies around the world have been running with reduced staff and limited office space during 2020-2021. Regulatory review times have thus been affected in many countries across the industry. As an example, this has affected the timing on the regulatory approval project for the Company in Mexico: the agriculture and health authorities in Mexico have noted that there are delays in the dossier submission and review processes (they have not indicated how long the delays are). It may also have a lingering effect on other registration related activities for the company in the future.
- 3) R&D activities impacted by travel restriction and access to researchers and labs – many of the Company’s R&D activities involve doing studies with university researchers and third-party contract research organizations. These studies use lab space, and university researchers use student researchers to help conduct trials. Labs have had to curtail the amount of studies they can do while respecting social distancing requirements, and with the shortage of students, university researchers have less available labor for them to conduct studies. As a result, the Company has had to reduce the amount of trials it was planning on conducting and delay certain projects to a future date.

The Company will continue to assess the impact on its operations and make adjustments to navigate through the effects of the COVID-19 pandemic on the market and economy.

As the Company has no material revenue, its ability to fund its operations is dependent upon its securing financing through the sale of equity or assets. See “Risk Factors” below.

Selected Annual Information

	Year ended September 30, 2021	Year ended September 30, 2020	Year ended September 30, 2019
Total revenues	\$399,080	\$288,868	\$58,176
Net loss ⁽¹⁾⁽²⁾	\$(4,122,579)	\$(6,715,391)	\$(2,897,825)
Net loss per share – basic ⁽³⁾⁽⁴⁾	\$(0.04)	\$(0.08)	\$(0.04)
Net loss per share – diluted ⁽³⁾⁽⁴⁾	\$(0.04)	\$(0.08)	\$(0.04)
	As at September 30, 2021	As at September 30, 2020	As at September 30, 2019
Total assets	\$5,252,607	\$2,470,377	\$2,335,237
Total non-current financial liabilities	\$157,254	\$80,629	Nil
Distribution or cash dividends ⁽⁵⁾	Nil	Nil	Nil

(1) Loss from continuing operations, in total;

- (2) Net loss from operations, in total;
- (3) Loss from continuing operations, on a per-share and diluted per share basis;
- (4) Net loss from operations, on a per-share and diluted per-share basis; and
- (5) Declared per-share for each class of share.

Results of Operations

The following discussion of the Company's financial performance is based on the financial statements for year ended September 30, 2021 compared to the year ended September 30, 2020

As at September 30, 2021 the Company had a cash and cash equivalents balance of \$2,710,805 (September 30, 2020 - \$303,241) and total current assets of \$2,925,259 (September 30, 2020 - \$449,411) (consisting of cash, sales tax and accounts receivable, inventory and prepaid expenses and deposits). During the period, long term assets increased to \$2,327,348 due to the capitalization of a rights of use asset (related to the lease on the Company's production facility), and costs related to the regulatory approvals, technology development costs, the registration of patents and other regulatory costs (included in intangible assets). Liabilities at September 30, 2021 totalled \$722,079 (September 30, 2020 - \$970,089) and comprised of \$486,317 (September 30, 2020 - \$889,460) of trade payables and accruals, a lease liability of \$85,359 (September 30, 2020 - \$nil) and loans payable of \$150,403 (September 30, 2020 - \$80,629).

Working capital (deficiency), which is comprised of current assets less current liabilities, was \$2,360,434 at September 30, 2021 compared to working capital deficiency of \$(440,049) at September 30, 2020.

For fiscal 2021, the Company had a net loss of \$4,122,579 compared to a net loss of \$6,715,391 in fiscal 2020. The decrease in loss is primarily related to the decrease of issuance of stock options during the year and the related share-based payment expense, and the decrease in investor and public relations programs compared to 2020.

Revenue and gross profit:

The company recognizes revenue to match the timing of the crop season for which its crop production system is used. The sales commenced at the end of December and increased due to an increase in customers and customer demand.

The company invoices and collects in USD since its customers are in the US. Sales are translated to CAD using the average exchange rate for the period. In USD terms, revenue increased by 47% for the year ended September 30, 2021 compared to the year ended September 30, 2020. The CAD was stronger vs the USD in 2021 compared to 2020, so reported revenue growth was slightly lower at 38%.

	2021	2020	% Growth 2021 vs 2020
Sales in USD	\$ 315,678	\$ 214,660	+47.1%
Sales in CAD	\$ 399,080	\$ 288,867	+38.2%

Overall gross margins for the fiscal 2021 were 41.7% which increased from 38.9% in 2020. Improvements in gross margin were driven by lower cost of production of BVT's *Clonostachys rosea* strain BVT CR-7 through increased economies of scale from higher volumes, and a more favorable mix driven by the introduction of the honeybee system which has higher gross margins than the bumble bee system

Below is a summary of the results for the fiscal 2021, and fiscal 2020:

	2021	2020
Sales	\$ 399,080	\$ 288,868
Cost of sales	232,578	176,584
Gross profit	166,502	112,284
Expenses		
Office and general (i)	2,405,136	2,208,433
Investor and public relations (ii)	407,518	1,104,674
Sales, advertising and marketing (iii)	587,145	502,966
Share based payments (iv)	357,489	2,601,262
Trials, Research and development (v)	575,779	349,834
Royalty payments (vi)	2,677	-
Total expenses	4,335,744	6,767,169
Loss before other items	(4,169,242)	(6,654,885)
Loss on foreign exchange	(11,385)	(23,383)
Loss on write-off of abandoned patents	(1,181)	(58,143)
Forgiveness of government loan	38,353	-
Interest and other income	20,876	21,020
Net loss	\$ (4,122,579)	\$ (6,715,391)

(i) Office and general:

Below is a breakdown of what comprised office and general:

	2021	2020
Accounting and audit	\$ 107,637	\$ 105,815
Amortization and depreciation	192,502	109,313
Consulting	769,810	670,953
Insurance	24,431	25,936
Legal and regulatory	94,336	128,571
Occupancy costs	55,517	120,128
Office and general	237,672	134,911
Salaries and benefits	740,034	710,058
Warehouse supplies	16,056	18,937
Transfer agent	59,334	73,438
Travel	107,807	110,373
	\$ 2,405,136	\$ 2,208,433

Office and general remained in line with a couple notable exceptions. The Company had an increase for consulting expenses as the company continued to reposition itself within the industry and with growers as a commercial enterprise and due to the settlement of an account payable of \$800,000 (of which \$400,000 was outstanding as of September 30, 2020) with a consultant through the issuance of shares, and is a non-cash expense. Rent decreased as in the prior period, rent was expensed. In 2021, with the adoption of IFRS 16, the right of use asset has been capitalized, and the

amortization of this expense is included in amortization and depreciation. The expense related to the right of use asset was \$69,498.

- (ii) **Investor and public relations:** The Company undertakes various initiatives in order to market and communicate with investors and to educate the public on the Company and its products. The Company reduced these initiatives in 2021. In the comparative period, following securing EPA approval at the end of FY2019, the Company launched a new market awareness campaign to reposition itself as a commercial enterprise with investors. This campaign included new investor relations and public relations activities for Europe and the United States which added in costs in 2020.
- (iii) **Sales advertising and marketing:** The Company targeted various business development opportunities through these sales and marketing initiatives including demonstrations of the technology. These costs are anticipated to increase further as COVID restrictions are removed and the company invests in commercialization activities.
- (iv) **Share based payments:** During the year, the Company granted less options to purchase common shares of the Company to and officers and director. In the prior quarter, the Company granted 5,650,000 stock options to officers, directors and various consultants to the Company. The expense relates to the these that vested during the period. This is a non-cash expense.
- (v) **Trials, research and development:** This expense relates to lab research and trials of BVT's crop inoculation products and bee delivery platform.
- (vi) **Royalty payments on the BVT honeybee dispenser system.**

Summary of quarterly results

Three Months Ended	Net Revenues (\$)	Net Loss	
		Net loss (\$)	Basic and Diluted (Loss) Per Share (\$)
30-Sept-21	-	(1,153,125)	(0.01)
31-June-21	64,178	(1,132,614)	(0.01)
31-Mar-21	334,902	(959,407)	(0.01)
31-Dec-20	-	(877,433)	(0.01)
30-Sept-20	-	(2,068,277)	(0.02)
30-June-20	18,664	(1,192,461)	(0.02)
31-Mar-20	216,963	(738,210)	(0.01)
31-Dec-19	56,232	(2,716,443)	(0.03)

Liquidity and Capital Resources

As at September 30, 2021, the Company had a working capital of \$2,360,434 (September 30, 2020 – working capital deficiency of \$(440,049)), being defined as current assets less current liabilities. The improvement has occurred because of the recent private placements of units which provided additional capital to the Company.

In fiscal 2021, the Company used cash of \$2,850,054 in operating activities, compared with \$3,675,216 in fiscal 2020.

In fiscal 2021, the Company used cash of \$351,979 in investing activities, compared to \$380,271 in 2020. The main components of this was \$160,580 of costs related to regulatory approvals, patent registrations and development costs (2020 - \$319,639). The Company also spent \$191,399 for the purchase of equipment and a Company vehicle (2020 - \$20,755).

Financing activities generated \$5,619,587, from the net proceeds of issuing of units (common shares and warrants), and through the exercise of warrants and loan proceeds, compared to \$4,045,864 in 2020.

The Company's monthly burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$237,000. At its current operating level, the Company will have sufficient funds generated from ongoing operations to cover short-term operational needs. The Company expects to still operate at a loss for at minimum the next 12 months. As such, the Company will need additional future financings for costs related to operations, maintaining its patents, conducting trials and its growth strategy. The Company will plan future financings as required through the sale of debt and (or) equity. The Company has been successful in the past at raising necessary funds but the timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies. There can be no guarantee that the Company will be able to continue securing any required financing.

Since obtaining EPA approval in August 2019, the Company commenced generating sales, has continued to sign new sales agreements, and expects future sales to help with liquidity issues.

The primary need for liquidity is to fund working capital requirements of the business, including operating costs, and maintaining the Companies patents. The primary source of liquidity has primarily been private financings and, to a lesser extent, by cash generated from the exercise of warrants and options.

The Company has no financial commitments or obligations other than a lease for office space and production facility. The Company leases office space for their headquarters in Mississauga Ontario. The original lease terms expired in October 2020 and has been extended with annual minimum lease payments as follows:

Year	Minimum lease payment
2022	\$ 82,812
2023	\$ 6,901

The Company has no capital expenditure commitments and has the ability to reduce or increase its research and development activities and other discretionary costs depending on the level of available funds.

The Company can maintain a sufficient level of inventory to meet expected sales demand.

Overall, given the working capital at September 30, 2021, the Company has enough to maintain at minimum the next 12 months.

Variance in Use of Proceeds

The following table provides a comparison of disclosure previously made by the Company regarding its intended use of proceeds described in the news releases announcing non-brokered private placements from October 23, 2019, till February 4 and 26, 2021 (other than working capital) against the Company's actual use of such proceeds up to June 30, 2021. The original intended use of the proceeds was to fund its ongoing growth strategy in the agricultural space, for continued research and development and general working capital purposes. All amounts listed below in general and administrative expenditures exclude non-cash expenses. The amounts presented in the table below are approximate.

Date of financing	Purpose	Amount Raised (k\$)	Intended Use (k\$)	Amount Used to Date (k\$)	Amount remaining (k\$)
Oct 23, 2019		\$1,060			\$0
	Commercial growth (sales & marketing)		\$119	\$133	

	R&D		\$115	\$73	
	General & Admin		\$827	\$854	
		\$1,070			\$0
Nov 28, 2019	Commercial growth (sales & marketing)		\$120	\$186	
	R&D		\$116	\$172	
	General & Admin		\$835	\$713	
		\$660			\$0
May 19, 2020	Commercial growth (sales & marketing)		\$74	\$62	
	R&D		\$71	\$79	
	General & Admin		\$515	\$518	
		\$350			\$0
Jun 30, 2020	Commercial growth (sales & marketing)		\$39	\$27	
	R&D		\$38	\$11	
	General & Admin		\$273	\$312	
		\$639			\$0
Oct 7, 2020	Commercial growth (sales & marketing)		\$72	\$43	
	R&D		\$69	\$27	
	General & Admin		\$498	\$569	
		\$267			\$0
Dec 7, 2020	Commercial growth (sales & marketing)		\$30	\$30	
	R&D		\$29	\$42	
	General & Admin		\$208	\$195	
		\$3,224			\$1,173
Feb 4, 2021 & Feb 26, 2021	Commercial growth (sales & marketing)		\$440	\$188	
	R&D		\$424	\$344	
	General & Admin		\$2,360	\$1,519	

Off Balance Sheet Arrangements

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 BVT including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

Key management includes members of the board, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended September 30, 2021 and September 30, 2020:

	2021	2020
*CEO fees (i)	\$ 308,501	\$ 428,437
*CFO fees (ii)	5,000	30,000
*Consulting fees charged by a Chelsian Sales & Service (iii)	40,000	60,000
*Consulting fees charged Flueckiger Consulting (iv)	22,079	58,995
*Consulting fees charged Exelerate Inc. (vii)	20,000	-
Share based payments - Options	53,350	999,600
Share based payments -RSUs	263,200	-
	\$ 712,131	\$ 1,577,032

**represents key management remuneration*

- (i) Salary and/or consulting fees paid to the CEO for services rendered. As at September 30, 2021, \$20,438 (September 30, 2020 - \$65,620) is owed to the CEO for past fees. The CEO also received RSUs that vested with a fair value of \$124,000 which is included in share based payments.
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owned by the CFO of the Company, for services of the Chief Financial Officer. As at September 30, 2021 \$325 (2020 –\$5,650) was owed to CFO Advantage Inc. The CFO also received RSUs that vested with a fair value of \$37,200 which is included in share based payments.
- (iii) Consulting fees charged by Chelsian Sales & Service Inc, a corporation owned by a director, for assisting with day-to-day operations. As at September 30, 2021 \$1,300 (2020 –\$12,600) was owed to Chelsian Sales and Service Inc. The director also received RSUs that vested with a fair value of \$31,000 which is included in share based payments.
- (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a former director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required. As at September 30, 2021 \$nil (2020 - \$8,211) was owed to Flueckiger consulting. The former director also received RSUs that vested with a fair value of \$31,000 which is included in share based payments.
- (v) \$nil (2020 - \$3,000) was charged by a relative of a director of the Company for marketing services.
- (vi) The Company employs a relative of a director of the Company as sales manager. During the year ended September 30, 2021, the employee earned a salary and benefits of \$109,798 (2020 - \$96,000).
- (vii) Consulting fees charged by Exelerate Inc, a corporation owned by a director of the Company, for governance and business development services. The director also received RSUs that vested with a fair value of \$40,000 which is included in share based payments.

Proposed Transactions

As at the date of this MD&A there are no proposed transactions.

Accounting Estimates and judgements

The preparation of the condensed interim 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain.

The estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Estimates

Intangible assets valuation for impairment purposes

The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. The recoverable amount is defined as the higher of value in use, or fair value less cost to sell. The determination of the recoverable amount involves management estimates. The Company used fair value less cost to sell to determine the recoverable amount of the cash generating unit. Judgement was used in determining the basis of calculating fair value. As the Company has a single cash generating unit, management used the market value of the Company's share price as a proxy of the fair value of the cash generating unit. In addition, management applied judgement in the estimation of the cost to sell. This estimation of cost to sell was sensitized within a reasonable range and did not result in an impairment.

Useful life of property, plant and equipment

Significant estimates are made as to the useful lives of property, plant and equipment.

Useful life of intangible assets

Significant estimates are made as to the useful lives of the capitalization of patents, regulatory and development costs.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. Estimates are used for valuing RSUs granted for determining vesting dates when based on milestones. RSU's are granted with vesting conditions that are based on non-market performance conditions and milestones.

Judgments

Capitalization of development costs

Initial capitalization of development costs is based on management's judgment that technological and economic feasibility is confirmed, usually when the product development project has reached a defined milestone according to an established project management model.

Capitalization of regulatory costs

Initial capitalization of regulatory costs is based on management's judgment that future economic benefits attributable to the Companies assets will flow to the Company.

Functional currency

In concluding on the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

Going concern

The company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the company could continue as a going concern.

Financial Instruments

Fair Value

Financial instruments of the Company as at September 30, 2021 and September 30, 2020 consist of cash, other receivables, accounts payable and accrued liabilities, and loans payable. There are no significant differences between

the carrying amounts of the cash, other receivables and accounts payables and accrued liabilities reported on the consolidated statements of financial position and their estimated fair values because of the short-term maturities of these items. Loans payable are recognized initially and subsequently at amortized cost.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include cash deposits.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is exposed to foreign currency risk on cash, other receivables and accounts payable and loans denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2021, the Company had \$(35,561) of net financial instruments denominated in U.S. dollars. The effect on loss before income tax of a 10% change in the foreign currency against the Canadian dollar on the above-mentioned net monetary assets and liabilities of the Company is estimated to be an increase/decrease of \$3,556, assuming that all other variables remained constant.

Interest rate risk

The Company is exposed to insignificant interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest-bearing cash.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the end of the reporting period is the carrying value of its financial assets (i.e. cash and accounts receivable). Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant. The Company manages its credit risk related to trade and other receivables by establishing procedures to establish payment terms and approval policies of customers. In the opinion of management, the credit risk is moderate and no credit losses are expected.

Price risk

The Company is exposed to price risk. Price risk is the risk that the commodity prices that the Company charges are significantly influenced by its competitors and the commodity prices that the Company must charge to meet its competitors may not be sufficient to meet its expenses. The Company reduces the price risk by ensuring that it obtains information regarding the prices set by its competitors to ensure that its prices are appropriate to the unique attributes of its product and services. In the opinion of management, the price risk is low and is not material.

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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. See note 1 for further disclosure on the going concern assumption.

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2021 and 2020.

At September 30, 2021, the Company has current assets of \$2,925,259 (September 30, 2020 - \$449,411) and current liabilities of \$564,825 (September 30, 2020 - \$889,460) resulting in working capital of \$2,406,832 (September 30, 2020 - working capital deficiency (\$440,049)).

Disclosure of Share Capital

As at the date of this report the Company had 116,974,611 common shares issued and outstanding.
As at the date of this report the Company had 17,602,720 share purchase warrants outstanding.
As at the date of this report the Company 14,170,051 stock options and RSUs outstanding.

Risks

See risk section detailed in the Company's filing statement as filed on SEDAR on June 1st, 2015.