



BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

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

DATED JANUARY 29, 2024

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, 2023, and 2022. The discussion should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended September 30, 2023 and 2022, 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 Company is also developing new applications and thus new revenue stream opportunities for its proprietary beneficial microbe *Clonostachys rosea* Strain BVT CR-7 ("CR-7") such as foliar spray applications and applications on seeds.

More details can be found in the Company's Management Discussion and Analysis for the year ended September 30, 2021 and on the corporate website at www.beevt.com.

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, 2023, and to the date of this MD&A:

1. Commercialization in the US:

September 13, 2023 – the Company announced a 196% year-over-year sales growth in the Pacific Northwest blueberry market with the BVT system, with new customers coming on board and over 80% of growers renewing their contracts.

The tripling of its business in the Pacific Northwest, with 80% of customers having renewed for another season, was based on the good results from the previous year. In the past year, commercial grower trials in the Pacific Northwest yielded bigger berries utilizing the BVT system, an average of 1.26mm larger diameter berries and 26.67% heavier berries. Customers gained approximately \$10,000 per acre in additional revenue which is more than 40 times return on investment (ROI) for growers using the BVT system.

Additionally, new customers signed up for the first time this year for initial demonstration trials, which builds potential for increased sales acreages in the next growing season.

This business growth happened during a very challenging growing season in the region with the Pacific Northwest experiencing record-breaking rainfall leading into the bloom period, which is a recipe for fungal disease. Previous wet conditions made potential disease exposure high, with bushes vulnerable to disease exposure even before the flowers bloomed. And getting into the sodden fields to apply traditional fungicide sprays was difficult.

Having the BVT system in place at the start of blooming helped growers tackle those challenging conditions head-on. As bees pollinated the flowers, they simultaneously deposited BVT’s proprietary Vectorite with CR-7 biofungicide directly into the bloom – treating flowers as soon as they opened and were exposed to the disease.

June 28, 2023 – The Company announced its expansion into the cranberry market and the signing of its first customer. The Wisconsin-based grower will be using BVT’s proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) biological fungicide and natural precision agriculture system on their cranberry field for the upcoming growing season.

The 2022 paid trial of the BVT system demonstrated the effectiveness of the BVT system on the grower's cranberry crops in reducing fruit rot, improving fruit quality and increasing overall yield. As a result, the grower doubled their BVT order for 2023. The BVT bumblebee system will be integrated on a portion of their cranberry acres, with plans to scale to additional acreage next season.

With more than 38,000 acres harvested annually, the United States is the world's leading cranberry producer, followed by Canada. Of which, Wisconsin is the biggest cranberry-producing state, with 21,000 acres of bogs across 20 counties growing an estimated 5.2 million barrels of cranberries a year (about 63% of U.S. output).

"We are very impressed by the increase in yield we have experienced through utilizing the BVT system," said the grower. "Last year we saw a historically low fruit rot percentage – reduced to 1.99% compared to an average of 4 to 5% that we typically experience, and I am confident that the BVT system was the main contributor to this efficiency. BVT's system allows us to significantly reduce the use of chemical sprays that often negatively impact beneficial organisms, both in and out of the soil, that are important for healthy development of crops and the overall yield."

May 24, 2023 - The Company announced a sales order with one of the largest blueberry growers in the United States, who will integrate BVT's proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) biological fungicide and natural precision agriculture system on their blueberry operations in the upcoming growing season in the Pacific Northwest.

This new customer is an enterprise-sized grower with large scale operations in multiple key growing regions and will be implementing the BVT system on over 500 acres of their operations spread across Washington and Oregon. This significant development is a strong indication of the growing confidence growers have in the BVT system as most growers historically have tested with small acreages first before committing to such a large portion of their operations.

After this initial growing season with the customer, BVT will have the opportunity to gain further acreage in Oregon and extend the relationship into California, where the grower has significant acreage as well.

May 3, 2023 – The Company announced it has entered into collaboration with two major distributors in Northwest Washington, which is one of the largest blueberry producing regions in the United States. These two collaborations will play a pivotal role in the Company's strategy to gain significant momentum in sales and business development in this key blueberry producing region. That news comes on the heels of BVT signing its first grower customer in the region in April, which is one of the area's biggest and most influential players.

These new relationships will help the Company gain momentum in the implementation of its sales strategy in this region. The distributors have committed to actively engage with their extensive list of grower customers to expand and scale the BVT system in the region and we expect to successfully secure more orders before the blueberry season starts in late spring.

Northwest Washington has over 7,800 acres of blueberries under cultivation, comprising nearly half of the entire state's estimated 16,700 blueberry acres.

April 18, 2023 – The Company announced a new sales order with one of the largest berry growers in the Pacific Northwest. The customer will be using BVT's proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) biological fungicide and natural precision agriculture system on their blueberry crops and has also further committed to a demonstration trial on their strawberry crops for the upcoming growing season.

The Company stated it is seeing large influential commercial growers take notice of the performance and value that the BVT system brings to the blueberry crop. These enterprise sized growers are the types of key new relationships that the Company is strategically targeting – for example a 500-acre grower could represent a US\$80,000 to 100,000 revenue opportunity to BVT. These larger growers run scaled complex operations and are naturally very conservative and stringent on their choices of adopting new technologies. Therefore, demonstrating clear benefit and solid return on investment is critical in signing these larger growers.

The new west coast customer will initially use the BVT honeybee system on a portion of their blueberry crop, and BVT will have the opportunity to expand into more of their blueberry acreage in subsequent years.

February 22, 2023 – The Company announced that Rutgers University successfully completed year 2 research trials on the efficacy of BVT's proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7), applied with bee vectoring technology to New Jersey blueberry crops during the 2022 growing season. Furthermore, the bee colony health was also assessed in year 2. Both year 1 and year 2 trials were conducted by Rutgers University's Specialty Crop Research and Extension Center and PE Marucci Blueberry Cranberry Research & Extension Center, a leading, grower-trusted research center in the US Northeast. The 2022 trial further assessed the efficacy of the BVT system in controlling common fungal diseases and increasing yield of healthy berries after harvest, both critical measures of the timespan picked berries remain fresh.

When comparing results of the BVT honeybee system with CR-7 used alone to the grower standard process, year 2 results demonstrated: BVT's honeybee system and biofungicide kept 66% of harvested berries healthy and marketable after seven days of incubation, which is comparable to the grower standard's value of 64% under the same conditions. The BVT system alone was statistically equivalent to the grower standard in controlling Anthracnose disease infections postharvest. The BVT system alone outperformed the grower standard spray program in controlling Alternaria disease infections postharvest.

January 24, 2023 – The Company announced its first blueberry order in California. The Fresno-based customer will be using BVT's proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) biological fungicide and natural precision agriculture system on their blueberry crops and has also committed to a demonstration trial on their cherry orchards.

This newest customer was made aware of BVT's effectiveness through contacts in Oregon who use the BVT system. The customer's goals are to improve fruit quality, increase yield and better manage disease. Expanding the use of BVT's system from blueberries to cherries will be highly efficient with almost no additional time or labor required since the cherry bloom will transition with the end of the blueberry bloom.

The opportunity for BVT in California is significant. The state is the country's largest berry market: an estimated 55,000 acres of strawberries, blueberries, raspberries, and blackberries make up 30% of all American berry acreage.

2. Geographic Expansion:

January 16, 2024 – the Company announced South African multi-national agricultural technology business Microbial Biological Fertilizers International (MBFi) has commenced trials of BVT products in South Africa. They will be evaluating BVT's patented bee vectoring dispenser for honeybees with proprietary Vectorite powder, initially testing with MBFi's own biological strain as a comparison with traditional spray applications.

MBFi manufactures agricultural products for the South African farming industry, supplying fertilizer, bio-stimulants, biologicals and adjuvants.

"We are extremely interested in BVT's bee vectoring application as a breakthrough and gamechanger for effective delivery of biological agents," said Jonathan Etherington, Co-founder and Director at MBFi. "We approached BVT more than a year ago to look at this novel technology because in South Africa, we have the same concerns as Europe around the use of traditional chemical pesticides."

"Utilizing MBFi's already registered biological, BVT can rapidly enter the South African market and add a significant new revenue stream," said Ashish Malik, CEO of BVT. "Our strategy also involves MBFi registering BVT's proprietary microbe, *Clonostachys rosea* CR-7 (CR-7) for South African regulatory approval. Effective implementation of this strategy would significantly increase CR-7's addressable market."

Trials are being conducted on grower crop fields including macadamias, avocados, apples, strawberries, blueberries and cherries, timed for the start of each crop's bloom period. MBFi will also extend the trials to include sunflowers and canola. In South Africa, macadamia, avocado, apples, strawberries, blueberries and cherry crops cover over 85,000 hectares of farmland, with sunflowers and canola adding another 520,000.

October 24, 2023 – the Company announced that it will be exploring various partnership opportunities through nine confirmed meetings with industry players and potential partners at ABIM 2023 (Annual Biocontrol Industry Meeting), an internationally-recognized global meeting place to do business and network within the industry. The conference runs October 23 to 25 in Basil, Switzerland and is co-organized by the Research Institute of Organic Agriculture (FiBL) and the International Biocontrol Manufacturers Association (IBMA).

At this year’s ABIM, an estimated 1,700 participants from more than 50 nations will network face-to-face, listen to inspiring panel discussions, and see exciting presentations on the latest innovations. SMEs and large enterprises are well-represented, with delegates and the 100+ exhibitors meeting throughout the event.

“The ABIM is an incredible chance for innovators like BVT to connect with the industry’s biggest and most important players and I’m pleased to be back at this premiere annual event,” said Ashish Malik, CEO of BVT. “There are so many opportunities here with existing and potential partners to progress BVT’s ongoing expansion strategy. In addition to our confirmed meetings, there are always several unplanned meetings that develop from informal conversations, so this is a great way to update the industry at-large on our progress.”

“ABIM is an event that’s helping us all work together to facilitate the transformation to sustainable agriculture,” said Christoph Lehnen, BVT Business Manager for Europe, Africa and Middle East. “At the event, we plan to identify and further develop new markets, channels and product applications for BVT’s proprietary natural precision agriculture system.”

December 8, 2022 – The Company announced that the Company’s proprietary *Clonostachys rosea* CR-7 (CR-7) biological fungicide has been submitted for regulatory review and approval in Canada. The submitted dossier includes CR-7 trial data already successfully completed, as well as studies into human safety, environmental impact, product efficacy and more, as required.

The Company was granted an experimental use permit (EUP) from the regulatory agency which allows us to conduct demonstration trials in multiple crops in Canada starting in 2023, even before the regulatory approval is obtained, which will create demand for its system and assist in quicker adoption once registration is granted.

For the past two years leading up to the submission, BVT worked with the Health Canada Pest Management Regulatory Agency (PMRA), Canada’s agency for pesticide regulation, in pre-submission consultations to preemptively and successfully address additional tests that the Company learned would be expected, including efficacy trials, which should mean a more efficient review process.

October 6, 2022 – The Company announced the first paid demonstration trials of BVT’s *Clonostachys rosea* CR-7 (CR-7) proprietary biological fungicide with two berry growers in Mexico. The trials will gather data on bee vectoring with CR-7 on common fungal diseases including Botrytis (gray mold).

Since submitting the registration dossier to Mexican regulatory authorities in April this year, BVT has been establishing strong relationships with Mexican growers. Currently, in addition to the two paid demonstration trials already planned, the team continues to work on securing more trials with farmers in Mexico for the upcoming growing season.

The 4-month trials will take place on two berry farms in the state of Guanajuato that currently use commercial bees. They will start by late October, timed with berry bloom periods.

3. Portfolio Expansion & Extension:

September 28, 2023 – the Company announced its first sales order of BVT’s *Clonostachys rosea* CR-7 (CR-7) proprietary microbe for use in the foliar application market. This groundbreaking deal is with BioSafe Systems, an industry leader in environmentally sustainable products. This is the result of an earlier announcement of a commercial agreement between BVT and BioSafe to develop and market end-use biological products for plant health and control of foliar and soil diseases.

“Not only is this BVT’s first sale to a larger Ag-inputs company, it’s also an entry into a totally new market and revenue source, giving us access to markets where bees are not used for the first time,” said Ashish Malik, CEO of BVT. “This confirms that our strategy to expand business to channel partners like BioSafe is working well and paying dividends, as it enables us to scale growth and expand market share much more quickly.”

This inaugural sale of technical-grade CR-7 marks BVT’s entry into the foliar business. BioSafe will take CR-7, use it to create a proprietary formulation and sell it to their distribution network in the foliar market. BVT will receive a royalty for every BioSafe sale.

“We’ve also just finished characterizing CR-7 for the control of various diseases across multiple crops,” said Dr. Mason Newark, Field Technical Manager at BVT. “This validates CR-7 as a broad-spectrum biofungicide across many crops and creates a solid foundation for building up our foliar business.”

The deal with BioSafe is a key milestone in BVT’s ongoing corporate expansion strategy. “Entering the foliar business expands our market in exciting new ways,” said Mr. Malik. “It demonstrates successful execution of our business strategy, which is to focus on both geographic expansion and finding new applications for CR-7.”

March 7, 2023 – The Company announced positive second year trial results demonstrating the efficacy of BVT’s proprietary biological control agent *Clonostachys rosea* strain CR-7 (CR-7) as a seed treatment on soybeans.

Compared to the first-year trials, the second-year included measuring CR-7’s effect on soybean yields. Year 2 trial data established that adding CR-7 over base seed treatment results in soybean plants producing higher yields as measured over 16 replicated plots across four locations when compared to the biological standard, and that CR-7 was equivalent to the chemical standard in terms of effectiveness. Other measures on plant health, vigor and plant biomass showed the same positive outcomes as in the first year, indicating the scalability of BVT’s proprietary CR-7 in the soybean seed treatment market.

Wherever CR-7 was applied, the results outperformed the base seed treatment 81% of the time. On average, a three-bushel yield per acre increase with CR-7 added was observed, which is about 4% higher than the base seed treatment. That is a meaningful improvement for a treatment that was applied at the very early stages of the planting season.

Year 1 and 2 trials were conducted in partnership with well-established soybean researchers in Iowa, Illinois, and Wisconsin, with a fourth location in Nebraska added in 2022 and resulted in consistently positive results year over year across all the states that have had trials so far. The 2022 trials continued assessing the efficacy of CR-7 added over base seed treatment on plant biomass and vigor, and demonstrated its effectiveness as a treatment against disease and soybean crop yields.

Soybeans are a major row crop where major multinationals are heavily invested in. There are 320 million acres grown globally, with 86 million acres in the US, 98 million in Brazil and 40 million in Argentina.⁽¹⁾ 80% of American soybeans receive seed treatment before planting, and approximately 50% undergo a biological inoculant treatment.

The seed treatment market is specialized, with different and distinct channels in the major growing regions. A deep understanding of the genetics of seed varieties, and access to the distinct channels, including relationships with seed companies, are important to successfully penetrate the market. BVT intends to partner with seed treatment companies who have the expertise and channel access to accelerate our reach into this soybean acreage. BVT believes future licensing agreements hold potential for significant annual royalties from this application.

Second year trial results also confirmed that adding CR-7 over base seed treatment led to plants being healthier in the vegetative stage – when leaves, stems and roots are growing to support the flowering and reproductive stages.

Year 2 data also reconfirmed CR-7’s effectiveness against Sudden Death Syndrome (SDS), a significant problem caused by *Fusarium virguliforme*, a soil-borne pathogen that attacks soybean roots and lower stems, affecting flowers and young pods and resulting in significant yield loss.

January 10, 2023 - The Company and BioSafe Systems (“BioSafe”) jointly announced a signed commercial agreement. BioSafe Systems, an industry leader in environmentally sustainable products, will offer a range of products

based on BVT's *Clonostachys rosea* CR-7 (CR-7) proprietary microbe for use in foliar and soil drench markets in the United States, with future options to expand into Mexico and other countries.

BVT will provide technical grade CR-7 on a non-exclusive basis to BioSafe, who will develop and market end-use biological products for plant health and control of foliar and soil diseases. The new end-use products will build upon the expertise of both companies which have agreed to closely collaborate to expedite the time to market on all formulations and obtain any necessary regulatory requirements. The first product is expected to enter the market as early as the 2023 growing season.

The two companies had previously announced (**January 12, 2022**) they have signed a Memorandum of Understanding (MOU) 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 complementary to one another.

October 25, 2022 – The Company announced a partnership with Missouri-based Agri Spray Drones, a leading-edge provider of end-to-end agricultural drone solutions. To evaluate drone application of BVT's proprietary *Clonostachys rosea* CR-7 (CR-7) biological fungicide on large-acre crops such as soybeans, corn, alfalfa and canola.

“BVT has been primarily focused on delivering CR-7 via commercially-managed bees,” said Ashish Malik, CEO of BVT. “Additionally, we have also been working on alternate delivery methods including foliar, soil-applied, seed treatment – and now drone applications. This exciting development is part of our overall strategy to maximize the utility of our core patented asset, CR-7, and expand its application into non-pollinated crops providing farmers an additional sustainable tool to control pathogens and improve yields.”

In the new partnership, BVT and Agri Spray will evaluate drone delivery of lightweight CR-7 powder onto crops such as soybeans (which represents an 86 million acre opportunity in the US alone) and alfalfa. This will complement the seed treatment work BVT has also been focused on to enhance soybean crops, and holds potential to provide a season-long program for more efficient growth. Efficacy trials are ongoing and will continue into 2023.

October 12, 2022 – The Company announced its first sales commitment in the growing Controlled Environment Agriculture (“CEA”) market. This key customer is a leading industry innovator in indoor vertical farming with multiple US locations and will be conducting a paid pilot of the BVT system as a crop productivity tool.

CEA involves growing crops indoors in a highly conditioned environment as the most common forms are greenhouse and vertical farming. Entering this sector is a significant growth opportunity for BVT given the global CEA market was valued at over US\$74 billion in 2021 and is estimated to reach US\$125 billion by 2027.

This innovative agriculture method has several planet-friendly benefits. Farming vertically means 4-6 acres' worth of crops can be grown in a single indoor acre.⁽²⁾ The ability to grow food closer to major population centers limits the carbon footprint that results from transportation across great distances. Plus, this process uses 70-90% less water than conventional outdoor methods, and requires significantly fewer pesticides, fertilizers and far less heavy machinery.

Based on the current events and circumstances known to us to date, which have resulted in economic uncertainty, we believe the Company is subject to a financing risk. Access to financing from the public markets may be more difficult as investors may be risk averse during times of economic uncertainty. In addition, 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, 2023	Year ended September 30, 2022	Year ended September 30, 2021
Total revenues	\$601,647	\$496,743	\$399,080
Net loss ⁽¹⁾⁽²⁾	\$(4,674,739)	\$(4,932,060)	\$(4,122,579)
Net loss per share – basic ⁽³⁾⁽⁴⁾	\$(0.03)	\$(0.04)	\$(0.04)
Net loss per share – diluted ⁽³⁾⁽⁴⁾	\$(0.03)	\$(0.04)	\$(0.04)
	As at September 30, 2023	As at September 30, 2022	As at September 30, 2021
Total assets	\$3,617,899	\$5,922,267	\$5,252,607
Total non-current financial liabilities	\$586,146	\$907,027	\$157,254
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 the years ended September 30, 2023 and 2022.

As at September 30, 2023 the Company had a cash and cash equivalents balance of \$133,541 (September 30, 2022 - \$210,301) and total current assets of \$977,660 (September 30, 2022 - \$3,268,686) (consisting of cash, sales tax and accounts receivable, financial assets (an equity swap), inventory and prepaid expenses and deposits). During the period, long term assets (equipment, intangible assets, and right of use assets) decreased to \$2,640,239 from \$2,653,581 as the result of the increase in intangible assets (mainly cost of patents), offset by the depreciation on the right of use asset and equipment. Liabilities at September 30, 2023 totalled \$2,265,631 (September 30, 2022 - \$2,161,320) and comprised of \$1,590,687 (September 30, 2022 - \$1,188,754) of trade payables and accruals, deferred revenue of \$16,825 (September 30, 2022 - \$nil) a lease liability of \$357,079 (\$71,973 of this is a current liability) (September 30, 2022 - \$422,618), loans payable of \$60,000 (September 30, 2022 - \$60,000) and a convertible debenture of \$241,040 issued in 2022 as part of a financing arrangement.

Working capital (deficiency), which is comprised of current assets less current liabilities, was \$(701,825) at September 30, 2023 compared to working capital of \$2,014,393 at September 30, 2022.

Net loss for 2023 was \$4,674,739, compared to \$4,932,060, respectively, for 2022 as summarized further below.

Revenue and gross profit:

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.

Sales in USD, adjusted for a change in invoicing practice in FY 2023 to make the basis comparable, were **32%** greater than in previous year (**40%** greater in CAD).

BVT piloted a new invoicing process for its bumble bee system in the US for the 2023 growing season in order to improve its working capital management. Through this new process the Company did not invoice for the bee hives themselves (just for the Vectorite and dispenser components); its bee suppliers invoiced the growers directly for the bees. In the prior year the Company would purchase the bumble bee hives from its supplier, and “pass through” the cost to its customers.

This change in the invoicing process had the effect of reducing the revenue captured in 2023 by BVT by USD \$68,695 compared to what it would have been under the 2022 invoicing process, with no effect on gross profit (ie both revenues and cost of sales were lowered by USD \$68,695).

Sales as reported for FY2023 in USD were 15% greater than in the previous year (21% greater in CAD).

	Twelve months ended		% Growth 2023 vs 2022
	2023	Sep 30, 2022	
Gross sales of BVT system including hives <i>in USD</i>	\$ 514,822	\$394,300	32%
Of which, amount invoiced by BVT bumble bee hive supplier	\$ 68,695		
Sales as reported <i>in USD</i>	\$ 446,127	\$ 394,300	15%
Gross sales of BVT system including hives <i>in CAD</i>	\$ 694,289	\$ 496,743	40%
Of which, amount invoiced by BVT bumble bee hive supplier	\$ 92,642		
Sales as reported <i>in CAD</i>	\$ 601,647	\$ 496,743	21%

Below is a summary of the results for the years ended September 30, 2023 and 2022:

	2023	2022
Sales	\$ 601,647	\$ 496,743
Cost of sales	283,505	250,458
Gross profit	318,142	246,285
Expenses		
Office and general (i)	1,651,168	2,377,341
Investor and public relations (ii)	141,309	419,105
Sales, advertising and marketing (iii)	165,995	542,377
Share based payments (iv)	1,520,348	543,029
Trials, research and development (v)	435,556	914,874
Royalty payments	-	1,569
	3,914,376	4,798,295
Loss before other items	(3,596,234)	(4,552,010)

Loss on foreign exchange	12,950	(46,480)
Write-off of abandoned patents	(152,188)	(38,968)
Gain on sale of equipment	-	9,754
Loss on settlement of debt	-	(53,006)
Gain on forgiveness of government grant	-	26,762
Unrealized loss on financial asset at fair value through profit and loss	(183,107)	(500,115)
Realized loss on financial asset at fair value through profit and loss	(857,501)	(53,041)
Change in fair value of convertible debenture	248,908	305,716
Interest expense	(187,862)	(30,672)
Interest and other income	40,295	-

Net loss	\$ (4,674,739)	\$(4,932,060)
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(i) Office and general:

Office and general remained in line and as detailed below.

	2023	2022
Accounting and audit	\$ 122,161	\$ 98,002
Amortization and depreciation	186,535	237,932
Consulting	308,332	474,435
Insurance	31,949	31,496
Legal and regulatory	91,249	168,969
Occupancy costs	48,612	43,797
Office and general	157,606	219,396
Salaries and benefits	538,589	855,487
Warehouse supplies	14,538	36,833
Transfer agent	50,003	41,572
Travel	101,594	169,422
	\$ 1,651,168	\$ 2,377,341

- (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 expense fluctuates depending on the timing of the marketing campaigns.
- (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 the Company has more available funds to allocate to this category.
- (iv) Share based payments:** Represents the value of options and RSUs that vested during the period. During the period, the Company granted more options to purchase common shares of the Company to officers, directors, consultants and employees than in the prior period (in an effort to conserve cash, share based compensation was awarded with a reduction of cash compensation).
- (v) Trials, research and development:** This expense relates to regulatory approval associated work, lab research and trials of BVT's crop inoculation products and bee delivery platform.
- (vi) Other income** includes SRED credits, rental income (sublease part of office space) and interest income.

Summary of quarterly results (in accordance with IFRS)

Three Months Ended	Net Revenues (\$)	Net Loss	
		Net loss (\$)	Basic and Diluted (Loss) Per Share (\$)
30-Sept-23	-	(1,815,312)	(0.01)
30-June-23	196,502	(836,229)	(0.01)
31-Mar-23	360,642	(546,295)	(0.00)
31-Dec-22	44,503	(1,476,903)	(0.01)
30-Sept-22	17,564	(1,410,201)	(0.01)
30-June-22	153,629	(926,386)	(0.01)
31-Mar-22	285,568	(1,513,400)	(0.01)
31-Dec-21	39,982	(1,082,073)	(0.01)

Liquidity and Capital Resources

As at September 30, 2023, the Company had a working capital deficiency of \$701,825 (September 30, 2022 – working capital of \$2,014,393), being defined as current assets less current liabilities. The decrease in working capital has occurred due to funds deployed in operations, as the Company is not yet cash flow positive.

In fiscal 2023, the Company used cash of \$1,152,161 in operating activities, compared with \$2,895,009 in fiscal 2022.

In fiscal 2023, the Company used cash of \$226,930 in investing activities. The main components of this were \$173,198 of costs related to regulatory approvals, patent registrations and development costs (2022 - \$125,104). The Company also spent \$53,732 for the purchase of equipment (2022 - \$99,833).

During fiscal 2023, the Company collected \$942,499 from swap settlements, and \$449,000 (less \$840 of share issued costs) from private placements. These proceeds were offset by lease payments of \$95,463, for total cashflow from financing activities of \$1,295,196.

The Company's monthly burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$96,000. At its current operating level, the Company will not 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
2024	99,144
2025	102,221
2026	105,327
2027	108,432

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, 2023, the Company does not have enough to maintain at minimum the next 12 months.

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, 2023, and September 30, 2022:

	2023	2022
*CEO fees (i)	\$ 150,339	\$ 368,157
*CFO fees (ii)	(7,500)	30,000
*Consulting fees charged by a Chelsian Sales & Service (iii)	30,000	56,000
*Consulting fees charged Exelerate Inc. (v)	-	49,348
Shares based payments - Options	390,377	303,800
Share based payments - RSUs	366,688	13,750
	\$ 821,055	\$ 821,055

**represents key management remuneration*

- (i) Salary and/or consulting fees paid to the CEO for services rendered was \$150,339 in 2023 compared to \$368,157 in 2022. \$242,250 of additional amount for 2023 was paid with RSUs and was included in Share based payments – RSUs. As at September 30, 2023, \$140,833 (September 30, 2022 - \$93,565) is owed to the CEO for past fees and health benefits. In 2022, the CEO also received RSUs with a fair value of \$60,500 which had not yet vested and were not included in share-based payments. On August 16, 2022, \$101,333 of amounts owing to the CEO was settled with the issuance of 596,078 common shares
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owed by the CFO of the Company, for services of the Chief Financial Officer. As at September 30, 2023 \$nil (2022 –\$5,650) was owed to CFO Advantage Inc. The full amount of the \$67,500 expensed as CFO fees, were paid with \$75,000 of RSUs minus \$7,500 adjustment. On August 16, 2022, \$16,950 of amounts owing to the CFO was settled with the issuance of 99,706 common shares.
- (iii) \$30,000 of Consulting fees charged by Chelsian Sales & Service Inc (“Chelsian”), a corporation owned by a director, for assisting with day-to-day operations (2022 - \$56,000). As at September 30, 2023 \$31,835 (2022 –\$1,300) was owed to Chelsian. \$49,438 of the additional fees charged in 2023 were paid with RSUs and was included in the Share based payments – RSUs. In 2022, the director received RSUs that with a fair value of \$233,750. On August 16, 2022, \$39,550 of amounts owing to Chelsian was settled with the issuance of 232,647 common shares.
- (iv) The Company employs a relative of a director of the Company as sales manager. During the year ended September 30, 2022, the employee earned a salary and benefits of \$100,173(2022 - \$116,600).

- (v) In 2022, consulting fees charged by Exelerate Inc, a corporation owned by a former director of the Company, for governance and business development services. In 2022, the director also received RSUs that vested with a fair value of \$13,750 and options with a fair value of \$16,275 which was 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

Useful life of equipment, right-of-use asset and intangible assets

Depreciation and amortization of equipment, right-of-use asset and intangible assets with finite lives are dependent upon estimates of useful lives and when the asset is available for use, which are determined through the exercise of judgment and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws and technological improvements.

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 RSU's are granted with vesting conditions that are based on non-market performance conditions and milestones.

Embedded derivatives

As part of assessing whether an instrument is a hybrid financial instrument and contains an embedded derivative, significant judgement is required in evaluating whether the host contract is more akin to debt or equity and whether the embedded derivative is clearly and closely related to the underlying host contract. The Company concludes that the host instrument of the convertible debentures is a debt host due to the holder's right to redeem the instrument for cash at a point in time in the future. The Company determines that the conversion option is not closely related to the debt host, and that the conversion option is required to be separated from the host instrument and accounted for as an embedded derivative due to the variability in the number of shares issuable under the convertible debentures. In applying its judgement, the Company relies primarily on the economic characteristics and risks of the instrument as well as the substance of the contractual arrangements.

The initial fair values of the embedded derivative conversion options and subsequent re-measurements at fair value at each reporting date are determined by using the Black-Scholes pricing model which requires exercise of judgment in relation to variables such as expected volatilities in share price and foreign exchange rates.

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.

Income taxes and recoverability of potential deferred tax assets

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

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.

Convertible debentures

Judgement is required in determining the classification of financial instruments issued in the financing transaction as liabilities or equity.

Financial Instruments

Fair Value

Financial instruments of the Company as at September 30, 2023 and September 30, 2022 consist of cash, accounts receivables, financial asset at fair value through profit and loss, accounts payable and accrued liabilities, convertible debentures and loans payable. There are no significant differences between the carrying amounts of the cash, accounts 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 payables are recognized initially and subsequently at amortized cost and approximate fair value due to the market rate of interest applied. Financial asset at fair value through profit and loss and convertible debentures are revalued at each reporting date based on level 3 inputs in the fair value hierarchy as disclosed in Note 4 and 12 (of the consolidated financial statements).

Fair value hierarchy

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the

basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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, 2023, the Company had \$(195,844) of net financial instruments denominated in U.S. dollars. The effect on comprehensive 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 \$19,500, 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. The Company does not have any debt that bears variable interest rates.

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 cash and accounts receivable and the face value of its asset carried at fair value through profit and loss, being \$745,000. 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 of the consolidated financial statements 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 2023 and 2022.

At September 30, 2023, the Company has current assets of \$977,660 (September 30, 2022- \$3,268,686) and current liabilities of \$1,679,485 (September 30, 2022 – \$1,254,293) resulting in working capital deficit of \$(701,825) (September 30, 2022 – working capital \$2,014,393).

Disclosure of Share Capital

As at the date of this report the Company had 168,711,917 common shares issued and outstanding.

As at the date of this report the Company had 26,224,808 share purchase warrants outstanding.

As at the date of this report the Company 16,503,300 stock options and 13,354,070 RSUs outstanding.

Risks

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