**BYND – BEYOND SOLUTIONS LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED**

**DECEMBER 31, 2020 and 2019**

All dollar amounts are expressed in Canadian dollars unless otherwise indicated

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**BACKGROUND**

This Management’s Discussion and Analysis (“**MD&A**”) should be read in conjunction with the audited financial statements and notes thereto of BYND – Beyond Solutions Ltd. (“**BYND**” or the “**Company**”) for the fiscal years ended December 31, 2020 and 2019. The information contained in this MD&A is current to April 27, 2021.

The preparation of the Company’s financial statements are in conformity with International Financial Reporting Standards (“**IFRS**”) and requires management to make assumptions that affect the reported amounts of assets, liabilities and expenses in addition to the disclosure of contingent liabilities at the date of the financial statements and reporting amounts. The Company bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS**

This MD&A contains forward-looking statements that include risks and uncertainties that are disclosed under the section “*Risk Management*”. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets.

This MD&A contains certain statements that may constitute “forward‐looking statements”. Forward‐looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward‐looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward‐looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

**GOING CONCERN**

The Company's financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to generate revenue to establish profitable operations and to obtain the necessary equity or debt financing to fund operations as required.

**OUTLOOK**

The Company’s primary focus for the foreseeable future will be: (i) the continuation of its current CRM software business, (ii) development of its New Cannabis CRM Platform (defined below) for the medical cannabis industry; and (iii) the construction and operation of its Cannabis Farm (defined below).

**DESCRIPTION OF BUSINESS**

BYND was incorporated pursuant to the laws of Israel on January 25, 2000 under the name “*BYND – Beyond Solutions Ltd*.”. BYND’s head office and it’s registered and records office are located at 7000 Derech Akko, Kiryat Motzkin, Israel.

*CRM Business*

The Company develops and markets customer relationship management (CRM) software products that enable small and medium sized enterprises (SMEs) to optimize day to day functions such as sales management, workforce management, contact center operations and asset management. The Company currently offers a proprietary CRM software product known as “*Benefit CRM*” (our “**Benefit CRM Software**”) to its customers. Over the last 3 years, the Company has been developing the next generation of its Benefit CRM Software (our “**New CRM Platform**”), which will be cloud based and will include many new features and enhancements.

The Company has also begun development of a new, revolutionary CRM software platform, designed specifically to serve the unique needs of the medical cannabis sector (our “**New Cannabis CRM Platform**”). The Company’s goal is that its New Cannabis CRM Platform will ultimately become the “virtual marketplace” for all stakeholders in medical cannabis.

*Medical Cannabis*

On October 1, 2020, the Company executed a share purchase agreement with the shareholders of B.Y.B.Y. Investments and Promotions Ltd. (“Cannasoft”), a corporation incorporated under the laws of the State of Israel. Pursuant to the agreement, the Company would acquire 74% ownership interest in Cannasoft from its shareholders, in exchange for 54.58% ownership interest in the Company (“Cannasoft Acquisition”). Cannasoft, through its owner owns the primary license for growing medical granted by the Israeli Ministry of Health and has begun the process of obtaining the necessary permits and approvals to construct a 3.7 acre cannabis farm in southern Israel, to grow and harvest medical cannabis (the “**Cannabis Farm**”). The Cannasoft Acquisition transaction was held in escrow and was completed on March 29, 2021.

BYND’s long term goal is to leverage its Cannabis Farm business to assist in the development of the Company’s New Cannabis CRM Platform. By using data generated by the operation of the Cannabis Farm, including data relating to the growing, harvesting and selling of medical cannabis, BYND will be able to better optimize its New Cannabis CRM Platform to offer stakeholders in the Cannabis industry, a state of the art resource which will enhance their businesses.

*The Cannasoft Acquisition and the Lincoln Business Combination Transaction*

In early 2019, the Company entered into discussions with the owners of Cannasoft, with a view to: (i) combining their respective businesses (the “**Cannasoft Acquisition**”), (ii) raising the capital necessary to construct the Cannabis Farm, and (iii) listing the Company’s shares for trading on a Canadian stock exchange (the “**Listing**”). In pursuit of these goals:

* On April 22, 2019, the Company signed a convertible loan agreement with an investor, who agreed to loan the Company USD$100,000, to be used to pursue the Cannasoft Acquisition and the Listing;
* On August 18, 2019, the Company entered into a “document of understanding” with the owners of Cannasoft, which outlined the basic terms of the Cannasoft Acquisition;
* On November 28, 2019, the Company entered into a non-binding letter of intent with Lincoln Acquisitions Corp. (“**Lincoln**”), setting out the general terms and conditions relating to a proposed transaction wherein Lincoln would:
	+ acquire BYND and Cannasoft from their respective shareholders (the “**Business Combination Transactions**”); and

* + complete the Listing, by applying to list its shares for trading on the Canadian Securities Exchange (“CSE”);
* On December 9, 2019, the Company assisted in the formation of a new British Columbia corporation (“**Fundingco**”), to be used as a vehicle for raising capital in connection with the Cannasoft Acquisition and the Listing;

* On December 16, 2019, the Company entered into a definitive Business Combination Agreement with Lincoln, Fundingco and the shareholders of BYND in connection with the Business Combination Transactions wherein the parties agreed *inter alia* that:
	+ Lincoln and Fundingco would amalgamate to form a new company to be called “*BYND Cannasoft Enterprises Inc.*” (“**BYND Cannasoft**”), and

* + BYND Cannasoft would acquire all of the issued and outstanding shares of BYND (and its 74% owned subsidiary, Cannasoft);

The Business Combination Transactions were completed on March 29, 2021. Following completion of the Business Combination Transactions, BYND Cannasoft’s primary business is now the business of BYND and of Cannasoft.

**SELECTED FINANCIAL INFORMATION**

The following table sets forth selected financial information for the fiscal period ended December 31, 2020 and the comparable period to December 31, 2019. The selected financial information set out below has been derived from the Company’s audited financial statements and accompanying notes, for the corresponding periods. The selected financial information set out below may not be indicative of the Company’s future performance.

| **Item** | **Year Ended December 31, 2020 (CAD$)** | **Year Ended December 31, 2019 (CAD$)** |
| --- | --- | --- |
| Revenues | 1,555,389 | 1,610,212 |
| Income (Loss)  | 161,129 | (291,458) |
| Total Assets | 910,885 | 505,694 |
| Total Liabilities | 1,168,019 | 689,872 |
| Working Capital (Deficiency) | (94,547) | (197,693) |
| Shareholders’ Equity | (257,134) | (184,178) |
| Number of Common Shares Outstanding at year end | 800 | 800 |

**RESULTS OF OPERATIONS AND OVERALL PERFORMANCE**

For the year ended December 31, 2020, the Company recorded net income of $161,129 compared to a net loss of $291,458 in 2019 and had a cash balance as at December 31, 2020 of $563,015 (December 31, 2019 - $300,897).

The following provides an overview of the Company’s financial results for the fiscal period ending December 31, 2020:

***Revenues from Sales and Services***

* Revenues for the fiscal period 2020 amounted to $1,555,389 as compared to $1,610,212 in 2019. This decrease is mainly a result of decreased revenues from development hours in the amount of $190,156 due to a mandatory leave of absence that all the employees took for 1.5 months due to Covid-19, offset by increased revenues from sales of Benefit CRM Software Licenses in the amount of $149,058
* Approximately 79% of our sales in 2020 and 76% of our sales in 2019 were to our largest costumer and as a result, we are highly dependent on this costumer to continue our operating activities.
* Development of the Company’s New CRM Platform is approximately 90% complete. We estimate that within the next 4 months a BETA version of the New CRM Platform will be available, and that we will begin to generate revenues shortly thereafter.
* Development of the Company’ New Cannabis CRM Platform is at a very early stage and we do not expect to generate revenues from the platform for the foreseeable future.
* The Cannabis Farm is at a very early stage of development and we do not expect to generate revenues from the sale of cannabis or cannabis infused products until Q3 2022.

***Cost of Sales and Services***

* For the fiscal period ended December 31, 2020 the Company's gross margin was 52% as compared to 28% during 2019, this is a result of a $241,678 decrease in subcontractors expenses as well as a $170,238 decrease in payroll expenses which was due to a mandatory leave of absence that all the employees took for 1.5 months due to Covid-19.

***General and Administrative Expenses and Professional Fees***

* For the fiscal period ended December 31, 2020, general and administrative expenses decreased to $243,355 from $294,799 in 2019. The decrease was due several decreases in: ;payroll expenses, office expenses, entertainment expenses and vehicle expenses. Professional fees increased to $417,330 from $168,292 mainly due to legal, accounting and consulting fees related to the Cannasoft Acquisition, the Business Combination Transactions and the Listing.

**LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2020, the Company had a cash balance of $563,015 (December 31, 2019: $300,897).

| **Item** |  **Year Ended December 31, 2020 (CAD$)** | **Year Ended December 31, 2019 (CAD$)** |
| --- | --- | --- |
| Cash provided by (used in) operating activities | 388,318 | (72,279) |
| Cash provided by (used in) investing activities | (31,866) | 12,405 |
| Cash provided by (used in) financing activities | (108,118) | 93,064 |
| **Net increase in cash** | **248,334** | **33,190** |

* The Company experienced positive cash flows from operating activities in its last completed fiscal year: $388,318 in 2020. Cash outlays included general business and administrative expenses, consulting fees, business and product development, and professional fees.
* According to Company’s management, the Company is able to generate sufficient cash flows to maintain its current capacity. Nevertheless, it will require additional funds in order to complete the Company's expansion goals which include, construction of the Cannabis Farm.
* The Company typically maintains approximately $200,000 in cash to meet its working capital requirements.
* On April 22, 2019, the Company entered into a convertible loan agreement with an investor to borrow USD$100,000 to facilitate the completion of the Business Combination Transaction and the listing of the shares of the Company's parent company on the CSE.
* On October 1, 2020, the Company assigned its obligations under the convertible loan agreement to Fundingco in exchange for a promissory note. As a result, the Company recorded a gain of $116,473 related to the debt assignment.

As the consideration for the debt assignment, the Company issued a demand promissory note to Fundingco with the principal amount of $155,548 equal to the principal amount of the convertible debenture together with all unpaid interest owing to the creditor. The demand promissory note is unsecured and bears no interest.

* On October 22, 2020, the Company secured a term loan with a principal amount of $195,305 (NIS 500,000) from an Israeli bank. The loan bears interest at the rate of 3.14% per annum and matures on September 18, 2025. The loan is subject to 48 monthly payments of $4,321 (NIS 11,063) commencing October 18, 2021. $9,765 (NIS 25,000) was deposited in the bank as security for the loan.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

**TRANSACTIONS WITH RELATED PARTIES**

During the year ended December 31, 2020, the Company paid management fees in the amount of $252,686 to its CEO & CTO, for the same period in 2019 the company paid $292,706.

As at December 31, 2020, there were $624 included in accounts payable owed to the company’s CEO & CTO.

During the year ended December 31, 2020, the company paid $238,086 in total dividends to its shareholders of which, $13,604 is accounted for in accounts payable and accrued liabilities as dividend withholding tax payable.

During the year ended December 31, 2019, the Company paid $26,380 in dividend, of which $7,914 is accounted for in accounts payable as dividend withholding tax payable and the remaining $18,466 was applied against the balance due from shareholder.

**PROPOSED TRANSACTIONS**

As of the date of this MD&A, there are no proposed significant transactions involving the Company.

**CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

**FINANCIAL INSTRUMENTS**

Financial instruments include cash, amounts receivable and accounts payable and accrued liabilities. The estimated fair value of these financial instruments approximates their carrying values because of the short term to maturity of these instruments.

As at December 31, 2020 the Company had $803,921 in current assets and $898,468 in current liabilities resulting in a working capital deficit of $94,547.

**RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of risks. The Company’s Directors approve and monitor the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit Risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company’s exposure to credit risk is the carrying value of cash and amounts receivable.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers, and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required. When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues.

***Interest Rate Risk***

Interest Rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Loans payable include variable interest rates; however, the Company does not believe it is exposed to material interest rate risk.

***Foreign Exchange Rate Risk***

The Company is exposed to foreign exchange risk as the Company has a surplus of financial assets over financial liabilities denominated in USD as of December 31, 2020, consisting of promissory note and accounts payable and accrued liabilities less cash, in the sum of $208,942. As of December 31, 2020 a 5% depreciation or appreciation of the U.S. dollar against the New Israeli Shekel would have resulted in an approximate $17,990 decrease or increase, respectively, in total pre-tax profit.

***Liquidity Risk***

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Total amount of the Company’s financial liabilities according to the contractual conditions in non-capitalized amounts (including interest payments) as at December 31, 2020 for the next 5 years and over is $700,410. To secure the additional capital necessary to pursue its plans, the Company may have to raise additional funds through equity or debt financing.

***Price Risk***

The Company is not exposed to any significant price risk.

***Business Risks relating to our CRM Business***

* Defects or disruptions in our planned cloud-based New CRM Platform and New Cannabis CRM Platform services could diminish demand for our services and subject us to substantial liability.
* Interruptions or delays in service from our third-party data center hosting facilities could impair the delivery of our service and harm our business.
* If we experience significant fluctuations in our rate of anticipated growth and fail to balance our expenses with our revenue forecasts, our results could be harmed.
* We may in the future be sued by third parties for alleged infringement of their proprietary rights.
* We will rely on third-party computer hardware and software that may be difficult to replace or which could cause errors or failures of our service.
* The market for our technology delivery model and enterprise cloud computing application services is immature and volatile, and if it develops more slowly than we expect, our business could be harmed.
* We are dependent on one of our of clients for the majority of our current revenues and any changes to that relationship could have a significant impact on our current revenues.

***Business Risks relating to our proposed Cannabis Business***

* The Company does not yet have sufficient financial resources to construct the Cannabis Farm and there is no guarantee that we will be able to raise the necessary capital, either through debt or equity financing, or in either case, on favorable terms.
* Our Cannabis Farm business will be dependent on our obtaining certain licences and certain GSP and GAP good practice certifications, which if not maintained in good standing, may prevent us from being able to carry on or expand our operations.
* We will face risks inherent in an agricultural business, and an inability to grow crops successfully will interrupt our business activities.
* We will be relying on one key production facility, and disruption of operations at this facility could significantly interfere with our ability to continue our product testing, development and production activities.
* We will rely on key components of our production and distribution process, such as energy and third-party producers and distributors, and a disruption in the availability of those key components, or in increase in their cost, could adversely impact our business.
* Manufacturing difficulties, disruptions or delays could limit supply of our products and limit our product sales. Producing cannabis products is difficult, complex and highly regulated.
* We are subject to environmental, health and safety regulations and risks, which may subject us to liability under environmental laws.
* We are dependent on the success of our quality control systems, which may fail, and cause a disruption of our business and operations.
* The success of our branded cannabis products business will depend on the success of the cannabis product candidates we develop. To date, we have not developed any cannabis products, and we do not expect to generate revenue from any cannabis products that we develop until at least Q3 2022.
* Unfavorable publicity or unfavorable consumer perception of us or cannabis generally may constrain our sales and revenue.

***General Business Risks***

* We face the risk of exposure to product liability claims, regulatory action and litigation if our products cause loss or injury.
* We may not be able to obtain insurance coverage for all of the risks we face, exposing us to potential uninsured liabilities.
* If any of the products that we produce or intend to produce are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

**OTHER MATTERS**

***Legal Proceedings***

There are no ongoing legal proceedings of any kind initiated by the Company or by third parties against the Company.

***Contingent Liabilities***

At the date of MD&A, management was unaware of any outstanding contingent liability relating to the Company’s activities.

**Disclosure Controls and Procedures**

The Company’s directors and officers are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external purposes in accordance with IFRS. The design of the Company’s internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company’s financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action.

The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the Company’s directors and officers, of the financial reports, the integrity and reputation of accounting personnel, and candid discussion of those risks.

**DISCLAIMER**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided by the Company from time to time.

No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

**APPROVAL**

The Company’s directors and officers have approved the disclosures in the MD&A.