

## FORM 51-102F1

### Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") as of January 28, 2021 should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2019 and accompanying notes thereto. All dollar amounts are expressed in Canadian funds unless otherwise stated.

### International Financial Reporting Standards ("IFRS")

The Company's external auditors, RSM Alberta LLP, have performed an audit of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

Except as otherwise noted, the financial information contained in this MD&A and in the interim condensed consolidated financial statements has been prepared in accordance with IFRS.

### Overall Performance

The company was incorporated under the Alberta Business Corporations Act on October 12, 1999 and is in the business of commercial and residential construction and millwork. The Company continues having strong revenue in the commercial and residential construction business. The Company is still actively seeking more opportunity to provide construction services in greater Vancouver area as well as business across Canada.

### Selected Annual Information

	2020	2019	2018
Revenue	\$3,630,427	\$2,495,212	\$3,685,278
Expenses	\$4,094,553	\$2,710,859	\$3,333,108
Other Income (Loss)	\$20,000	\$22,399	\$40,531
Income Tax Expense (Recovery)	\$(176)	\$(14,586)	\$21,345
Net Income (Loss)	\$(443,950)	\$(223,460)	\$290,294
Income (Loss) per Share	\$(0.02)	\$(0.01)	\$0.01
Fully Diluted Income (Loss) per Share	\$(0.02)	\$(0.01)	\$0.01
Total Assets	\$1,263,729	\$1,280,299	\$1,611,032
Total Long-term Liabilities	\$142,345	\$ -	\$4,870

### Revenues

Revenue from commercial construction has increased by \$1,135,215 as a result of a significant contract that was completed during the year.

## Subcontract and Material Costs

The subcontract and material costs equal to 62% of gross revenue, which is higher than the prior year of 29% as a result of subcontractors and material costs incurred for one of the significant contracts that were completing during the year.

## Expenses

General and administrative expenses is lower than the prior year mainly as a result of implementing the new lease accounting standard which results in a depreciation expense of \$101,767 recorded for the right of use asset and interest expense of \$14,117 on the lease obligation. In the prior year, rent expense of \$133,594 would have been recorded.

## **Summary of Quarterly Results (in accordance with IFRS)**

	Sep 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019	Sep 30, 2019	June 30, 2019	March 31, 2019	Dec 31, 2018
Revenues	\$629,533	\$1,215,711	\$1,497,663	\$287,520	\$746,297	\$ 350,671	\$ 585,073	\$ 813,171
Expenses	\$634,791	\$1,149,141	\$1,730,460	\$580,161	\$656,591	\$ 567,024	\$ 568,664	\$ 918,580
Other income (expense)	\$20,000	\$-	\$-	\$-	\$(22,399)	\$-	\$-	\$-
Income taxes	\$(176)	\$-	\$-	\$-	\$(14,586)	\$-	\$-	\$-
Net Income (Loss)	\$14,918	\$66,570	\$(232,797)	\$(292,641)	\$81,893	\$(216,353)	\$16,409	\$(105,409)
Basic and diluted EPS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$(0.01)	\$0.00	\$0.00

## **Quarterly Results (Comparison of Fourth Quarter of 2020 with Fourth Quarter of 2019)**

### Revenues

Revenue from commercial construction has decreased by \$116,764 in the current quarter compared to last year as a result of completion of the contracts prior to the last quarter and also due to COVID restrictions that occurred in the fourth quarter affecting the amount of work that could be completed.

### Subcontract and Material Costs

The subcontract and material costs equal to 37% of gross revenue, which has increased compared to the previous year of 32%. This is relatively consistent with the prior year and also the projects where the use of subcontractors was significant were substantially completed prior to the last quarter.

### Expenses

General and administrative expenses has decreased from the prior year as a result of modified retrospective adoption of IFRS 16 where the comparative figures were not adjusted to reflect the amortization of right of use asset in the current quarter compared to rental expense in the prior year.

## **Liquidity and Solvency**

The company has a cash balance of \$133,071 and a negative working capital of \$388,136 as at September 30, 2020. Cash used in operating activities during the year ended September 30, 2020 was \$83,910 compared with the cash used in the amount of \$11,916 in fiscal 2019. Cash used in investing activities during the year ended September 30, 2020 was \$1,352 while cash used in investing activities was \$1,328 in fiscal 2019. Cash provided by financing activities was \$79,603 during the year ended September 30, 2020 compared with the cash provided in the amount \$16,298 in fiscal 2019.

The Company has sufficient financial resources to continue operation and is expecting increased income to be generated from operations and even better liquidity in the future.

## **Capital Resources**

The Company has commitments of \$199,911 which is reflected as a lease liability calculated as the present value of the future lease payment for its present location, which expires May 31, 2022.

The Company has available a line of credit of \$100,000 bearing interest at prime plus 3.5%, secured by a general security agreement and is due on demand.

The Company also received a COVID-19 relief line of credit (CEBA Loan) of \$80,000 during the year. The loan is interest free with no principal payments required until December 2022. 25% of the loan amount, \$20,000, will be forgiven if the Company repays the amount before December 31, 2022. The Company has recognized \$20,000 as government assistance since the intention is to repay before December 31, 2022.

## **Transactions with Related Parties**

Amounts receivable from related parties consist of advances to companies under common control. Amounts are unsecured, bear no interest and have no specific terms of repayment.

Amounts payable to related parties consist of advances from directors of the Company and companies controlled by directors of the Company. Amounts are unsecured, bear no interest and are payable on demand.

Key management includes senior executives of the Company. The compensation expense paid during the year ended September 30, 2020 to key management for employee services are as follows:

Chief Executive Officer: \$52,500

Chief Financial Officer: \$52,500

## **Risk Factors**

The corporation is exposed to a variety of business and other risks and uncertainties including the following:

- Volatility in the market price of our common shares.
- Our ability to raise sufficient funds to carry on our operations.
- The demand for our services.
- Our ability to achieve profitable operations.

## **Financial Instruments and Other Instruments**

Financial instruments of the company consist of cash, accounts receivable, amounts receivable from related parties, accounts payable, long-term debt and amounts payable to related parties.

## **Off – Balance Sheet Arrangements**

As at September 30, 2020, we have not entered into any off-balance sheet arrangements.

## **Share Structure**

The Company has 25,635,635 common shares outstanding at January 28, 2021.

## **New Standards Implemented**

IFRS 16 Leases was issued by the IASB in January 2016. The new standard replaces IAS 17 Leases and requires lessees to recognize all leases on the balance sheet. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee—the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. IFRS 16 is effective for the Company's fiscal year beginning October 1, 2019. The adoption of IFRS 16 resulted in a right of use asset and lease obligation of \$281,406 recognized at October 1, 2019.

## **Critical Accounting Policies and Estimates**

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes.

There is a full discussion and description of the Company's estimates and judgments used in preparing the consolidated financial statements for the year ended September 30, 2020 in Note 2 to the consolidated financial statements.

## **COVID-19**

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

## **Forward Looking Information**

This management discussion and analysis may contain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. These statements are not historical acts and are subject to risks and uncertainties which could cause actual results and the timing of certain events to differ materially from those set forth in or implied herein including, without limitation, risks associated with the company's proposed activities.