

**INTERNATIONAL PARKSIDE PRODUCTS INC.**  
***FORM 51-102F1***  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**THREE MONTHS ENDED OCTOBER 31, 2022**  
(and containing information as of December 16, 2022)

DATED: December 16, 2022

The following Management Discussion and Analysis of International Parkside Products Inc. (the “Company”), prepared as of December 16, 2022, should be read together with the unaudited condensed interim consolidated financial statements for the three month period ended October 31, 2022 and related notes attached thereto (the “Financial Statements”) which have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The Company’s management is responsible for presentation and preparation of the consolidated financial statements and the Management’s Discussion and Analysis (“MD&A”). The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

All amounts are stated in Canadian dollars unless otherwise indicated.

The Company was incorporated on May 18, 1983, pursuant to the Company Act of British Columbia, and made its transition application pursuant to the new British Columbia Business Corporations Act.

Additional information related to the Company is available for view on the Company’s website at [www.lenspen.com](http://www.lenspen.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Description of business**

The Company, through its wholly owned subsidiaries, Parkside Optical Inc. (“Parkside Optical”) and EIC Energy Interface Inc. (“EIC”), is in the business of producing and marketing innovative optical, screen cleaning and eyeglass cleaning products using the Company’s patented carbon black technology and the new light carbon formula for international distribution.

Parkside Optical manufactures and distributes to wholesale distributors the following optical lens cleaning devices: LensPen, PEEPS, DigiKlear, Mini-Pro, Mini-Pro II, MicroPro, Smartphone camera cleaner, Laptop Pro, ScreenKlean, FilterKlear, DSLR Pro Kit, SensorKlear, SensorKlear Loupe Kit, SmartKlear, HunterPro Kits, Outdoor Pro Kits, FogKlear, Photo Pro Kits, Hurricane blower and Microfiber cloth.

Since the first shipment of LensPen in August 1993, the Company has expanded sales of these products to over 80 distributors in over 85 countries and is continuously seeking to add new distributors and items to its range of cleaning devices.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol IPD. The Company’s head office is located at #304 – 788 Beatty Street, Vancouver, BC, V6B 2M1.

## Performance summary

The following is a summary of significant events and transactions that occurred during the three-month period ended October 31, 2022:

The Company experienced a decrease in revenue - \$1,353,509 during the period (\$1,398,928 for 2021).

This translates into a revenue decrease of \$45,419. The Company sells its products globally in U.S. dollars but reports in Canadian dollars, causing distortions in year-to-year comparisons.

During the three-month period ended October 31, 2022, the Company saw continued strong sales in the military and sport optics markets in the United States, including major new orders from Trijicon Inc. for bundling with their ACOG, Accupoint and other scopes for the United States Army, Navy, Air Force and Marine Corp.

The LensPen Virtual Reality Line continues to be the Company's biggest seller on Amazon in the USA and the addition of the VR Kit has led to a significant increase in online sales during this period. The LensPen VR Pen has been named Amazon's Choice in various categories for virtual reality accessories.

## Selected annual information

The following table provides a summary of the Company's financial operations. For detailed information, refer to the Financial Statements.

	Year Ended July 31, 2022	Year Ended July 31, 2021	Year Ended July 31, 2020
Total sales revenues	3,702,221	3,691,166	3,666,569
Net earnings (loss) for the year before taxes	(76,217)	(111,486)	(267,565)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)
Total assets	1,423,018	1,363,029	1,930,753
Total long-term liabilities	213,473	82,000	91,307
Cash dividends	nil	nil	nil

## Results of operations

Significant revenues generated and expenses incurred during the three-month period ended October 31, 2022 are as follows:

**Sales revenue of \$1,353,509** (2021 - \$1,398,928) Sales are made in US dollars but reported in CDN dollars causing distortions in period-to-period comparisons.

**Cost of goods sold of \$987,407 (73%)** (2021 - \$961,892) (69%) Cost of goods has increased in period-to-period comparison due to increased freight costs.

**Accounting and audit fees of \$10,000** (2021 - \$10,000) Audit fees have remained stable.

**Commissions of \$2,947** (2021 - \$831) The majority of commissions were paid to Wong Hou Yee for his work in securing the Asia contracts.

**Consulting fees of \$35,144** (2021 - \$32,114) Consulting fluctuates period to period.

**Interest expense of \$988** (2021 – \$3,209) Interest includes the loans to the Company and has decreased since repaying a part of the loans.

**Legal fees of \$3,396** (2021 - \$9,681) Legal fees are largely comprised of costs for patents and trademarks and corporate filings.

**Management fees of \$36,000** (2021 - \$36,000) Management fees were paid to the President, Mr. Murray Keating.

**Marketing costs of \$11,334** (2021 - \$10,703) Marketing costs are primarily comprised of promotional strategies and new initiatives.

**Office and administration of \$19,804** (2021 - \$23,620) The main cost areas were postage and courier, office supplies, telephone and internet costs, and insurance.

**Salaries of \$145,913** (2021 - \$155,549) Salaries contain gross wages and bonuses paid to Directors, Officers, and employees.

**Trade shows of \$6,087** (2021 - \$nil) The Company usually attends various international trade shows and these shows are a valuable tool to find new distributors and assist existing distributors. Due to Covid-19, however, trade shows had been cancelled but are now gradually returning.

**Transfer agent and regulatory fees of \$1,088** (2021 - \$1,288) Regulatory fees fluctuate.

**Travel and promotion costs of \$41,747** (2021 - \$17,730) Travel and promotion consists of supporting the larger customers.

## Summary of quarterly results

<b>Three Months Ended</b>	<b>October 31, 2022</b>	<b>July 31, 2022</b>	<b>April 30, 2022</b>	<b>January 31, 2022</b>
Total assets	2,495,569	1,423,018	1,529,844	2,064,745
Working capital	523,958	445,235	518,317	573,490
Shareholders' equity	782,570	702,267	781,098	848,966
Sales revenues	1,353,509	682,290	593,988	1,027,015
Net earnings (loss)	27,316	(71,339)	(69,454)	(24,270)
Basic and diluted earnings (loss) per share	0.00	(0.00)	(0.00)	(0.00)
<b>Three Months Ended</b>	<b>October 31, 2021</b>	<b>July 31, 2021</b>	<b>April 30, 2021</b>	<b>January 31, 2021</b>
Total assets	2,001,307	1,363,029	1,696,187	1,782,415
Working capital	588,993	469,614	549,167	392,162
Shareholders' equity	857,674	766,419	824,724	765,156
Sales revenues	1,398,928	507,597	1,202,643	1,028,053
Net earnings (loss)	101,846	134,987	(69,454)	(24,270)
Basic and diluted earnings (loss) per share	0.01	0.01	(0.01)	0.00

The quarterly variations in revenue result largely from the cyclical nature of the Company's order pattern.

## Liquidity

The Company is self-financed through its generation of positive cash flows.

	<b>October 31 2022</b>	<b>July 31 2022</b>	<b>April 30 2022</b>	<b>January 31 2022</b>
Working capital	523,958	445,235	518,317	573,490
Deficit	(4,879,616)	(4,906,932)	(4,835,593)	(4,766,139)

Net cash provided by operating activities for the three months ended October 31, 2022, consists primarily of the operating activities and changes in non-cash working capital.

Net cash provided by (used in) operating activities during the period was (\$131,730) compared to \$3,322 during 2021.

Net cash provided by investing activities was \$nil during the period and \$nil in 2021.

Net cash used in financing activities was \$11,047 during the period and \$12,227 in 2021.

## Significant accounting policies

### Significant accounting estimates and judgments

The preparation of the unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty 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:

Property and equipment comprise a large component of the Company's assets and as such, the amortization of these assets has a significant effect on the Company's financial statements. Management estimates the useful lives, amortization rates and the residual values of assets based on their experience with the use of such assets. These estimates are reviewed on at least an annual basis.

In determining whether any impairment losses have been incurred, management assesses the higher of the asset's fair value less costs to sell and its value in use for non-financial assets. These determinations and their individual assumptions require that management decide based on the best available information at the end of each reporting period.

Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of its subsidiary, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The determination of deferred tax assets and liabilities is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and

circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

Stock-based compensation are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

### Use of estimates and judgments

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

### Outstanding share data

Authorized – Unlimited common shares without par value:

Issued and fully paid	Common shares	Amount \$	Preferred shares	Amount \$	Total \$	Contributed Surplus
<b>Balance – July 31, 2021</b>	<b>16,508,054</b>	<b>5,395,805</b>	<b>91,111</b>	<b>41,000</b>	<b>5,436,805</b>	<b>551,822</b>
<b>Balance – July 31, 2022</b>	<b>16,508,054</b>	<b>5,395,805</b>	<b>91,111</b>	<b>41,000</b>	<b>5,436,805</b>	<b>551,822</b>
<b>Balance – October 31, 2022</b>	<b>16,508,054</b>	<b>5,395,805</b>	<b>91,111</b>	<b>41,000</b>	<b>5,436,805</b>	<b>551,822</b>

As at December 16, 2022, there are 16,508,054 shares outstanding

a) During the 2007 fiscal year, the Company received regulatory approval to an agreement with Cornerstone Technologies for the issuance of 91,111 preferred shares at a price of \$0.45 per share. The preferred shares, which have now been issued, are exchangeable into common shares of the Company on a one-for-one basis.

b) The Company has established a share purchase plan whereby the board of directors may, from time to time, grant options to directors, officers, employees, or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. All stock options vest immediately. The maximum number of shares that may be issued under the plan cannot exceed 10% of the Company's issued shares.

### Stock options

The following incentive stock options are outstanding and exercisable as at October 31, 2022 and December 16, 2022.

	Number of Shares/Units	Exercise Price	Expiry Date
<b>Options</b>	1,215,000	0.10	November 22, 2024
	390,000	0.10	March 7, 2024

### Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

Certain companies which have an officer and/or director in common or which have a partner who is an officer of the Company render services or are charged for certain services as follows:

	Nature of transactions
Ryancorp Management Ltd.	Management fees

The Company incurred the following transactions in the normal course of operations in connection with companies which have key members of management in common.

	Period ended October 31, 2022	Period ended October 31, 2021
Management fees	\$ 36,000	\$ 36,000

(i) Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the periods ended October 31, 2022 and 2021.

(ii) Included in accounts payable is \$11,752 (October 31, 2021 - \$4,314) due to officers and directors of the Company.

## Commitments

The Company moved their offices and entered into a new office lease agreement beginning January 1, 2022 for an initial term of five years after the previous lease ceased. As at October 31, 2022, the Company is committed to pay the following:

	Less than 1 year	1-5 years
<b>Office Lease</b>	<b>\$ 30,165</b>	<b>\$ 123,648</b>

In 2003, the Company entered into an agreement with Cornerstone Technologies (VCC) Ltd. (Cornerstone) for funding in preferred shares of Parkside Optical. Cornerstone agreed to purchase the preferred shares at a minimum price of \$0.45 per share. The preferred shares are exchangeable, at the holder's option, into common shares of the Company on a one-for-one basis. The preferred shares carry a non-cumulative 6.5% annual dividend, payable quarterly, based on the weighted average of funds invested during the quarter. Once the preferred shares have been exchanged for the common shares, all rights to receive the preferred share dividend will cease. The preferred shares and any common shares that may be issued in exchange for the preferred shares are subject to a hold period of five years, commencing from the date of investment of the preferred shares.

In 2004, the Company received \$41,000 for subscriptions for preference shares from Cornerstone.

During fiscal 2007, the Company received regulatory approval to the agreement and the preferred shares were issued. As of October 31, 2022, the Company has accrued \$13,300 dividends payable (2021 - \$13,300). This has been shown as a liability on the financial statements under accounts payable.

## Financial and risk management

Cash and short-term investments are carried at fair value using a level 1 for value measurement. The fair value of the Company's accounts receivable, income taxes payable, loans payable, accounts payable and accrued liabilities approximate carrying value, because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

### Market risk

#### *Currency risk*

The Company is exposed to foreign exchange risk on the cash, accounts receivable and accounts payable and accrued liabilities balances denominated in US dollars. A significant proportion of the Company's transactions occur in US dollars which give rise to the risk that cash flow may be adversely impacted by exchange rate fluctuations between US and Canadian dollars. Management maintains cash accounts

denominated in US dollars to complete foreign currency transactions and considers this practice adequate to mitigate significant foreign currency fluctuations. The Company considers currency risk associated with working capital items in US dollars to be insignificant.

#### *Interest rate risk*

The Company maintains cash balances with financial institutions. The interest rate risk on these balances is not considered material.

#### **Credit risk**

The Company is exposed to a minimal amount of credit risk from its cash balances. The Company limits its exposure to credit risk by placing its cash with high credit quality financial institutions.

Concentration of credit risk with respect to accounts receivable has been limited in the past by the structure of the Company's sale contracts as typically payments are collected before shipment of the goods. However, as at October 31, 2022, the Company is exposed to credit risk on the receivables of \$1,687,372 from CarbonKlean (October 31, 2021 - \$973,681) that accounted for 96% of total accounts receivable (October 31, 2021 – 86%). This balance is unsecured, and management negotiates periodic payments on these balances. This represents a significant increase in the credit risk. The Company has not experienced significant credit losses to date and the maximum amount of credit risk exposure is limited to the carrying amounts of these balances in the consolidated financial statements.

#### **Liquidity risk**

The Company is not exposed to a significant amount of liquidity risk. As at the period ended October 31, 2022, the Company had positive working capital of \$523,958 (October 31, 2021 - \$588,993). The accounts payable and accrued liabilities balance is expected to be covered through the collection of accounts receivable balances and from current cash balances. The Company is not reliant on external financing.

#### **Capital management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern; and to have sufficient capital to be able to fund the operation of the Company for the benefit of its shareholders. Management considers capital to be assets less liabilities. As at the period ended October 31, 2022, the Company had capital of \$782,570 (October 31, 2021 - \$857,674).

The Company is internally funded and is not subject to any externally imposed capital requirements. The Company has not established a numeric target for its capital structure and reviews its capital management methods and requirements on an ongoing basis and adjusts accordingly.

#### **Loans payable**

During the year ended July 31, 2019, the Company received proceeds of \$400,000 pursuant to promissory notes of which \$300,000 has been advanced by directors of the Company. The loans bear interest of 10% payable monthly, are unsecured, and are due and payable one year after issuance. The Company issued 615,384 bonus shares at fair value of \$80,000 to the lenders in consideration for the loans. During the year ended July 31, 2020 the Company repaid \$100,000, during the year ended July 31, 2021 repaid \$150,000, and during the year ended July 31, 2022 repaid \$75,000

Balance, July 31, 2019	\$ 386,667
Accretion	13,333
Repayment	<u>(100,000)</u>
Balance, July 31, 2020	300,000
Repayment	<u>(150,000)</u>
Balance, July 31, 2021	150,000
Repayment	<u>(75,000)</u>
<b>Balance July 31, 2022 and October 31, 2022</b>	<b><u>\$ 75,000</u></b>

### **Discussion of non-financial items**

A resolution was approved by the directors and the Company has adopted a Code of Conduct pursuant to section 140(3) of the Business Corporations Act (British Columbia), filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 8, 2007. The Company had their Annual General Meeting on December 2, 2022 at the Company's offices located at #304 – 788 Beatty Street, Vancouver, BC.

### **Approval**

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it. Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.lenspen.com](http://www.lenspen.com) as well as numerous news releases which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

For more information, please contact Mr. Murray Keating, President, at 604-681-6472.

### **Note Regarding Forward-looking information**

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to International Parkside Products Inc. and its subsidiaries (the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward looking statements.