



MISSION READY
SOLUTIONS INC.

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Management Discussion and Analysis

For the Three Months Ended March 31, 2023

Protecting Those Who Protect Us

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Management's Discussion and Analysis

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Introduction

The following management discussion and analysis ("**MD&A**"), prepared as of May 30, 2023, is a review of the operations, current financial position and outlook for Mission Ready Solutions Inc. ("**Mission Ready**") and should be read in conjunction with the Company's (as defined below) most recently issued audited consolidated financial statements for the year ended December 31, 2022, and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023, copies of which are filed on the SEDAR website: www.sedar.com.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Management is responsible for the information contained in this MD&A and its consistency with the information presented to the Audit Committee and Board of Directors. All information in this document has been reviewed and approved by the Audit Committee and Board of Directors. This review was performed by management with information available as of May 30, 2023.

The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with IFRS. This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

Forward-Looking Information

This MD&A may include certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. Other than statements of historical facts, all statements included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competition, strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "pipeline", and similar expressions are intended to identify forward-looking statements. Forward-looking information is based in part, on assumptions that may change, thus causing actual results or anticipated events to differ materially from those expressed or implied in any forward-looking information. Such assumptions include the stability or improvement of general economic conditions. These 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 expressed or implied by such forward-looking statements. These forward statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Such factors include, among others, risks related to unavailability of financing, unfavorable market conditions and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements 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 statements.

Mission Ready serves to prevent injuries and enhance the performance of military personnel, first-responders and all those serving on the front lines by equipping them with the next generation of personal protective equipment ("**PPE**"). The Company specializes in providing personal protective solutions to the global defense, security and first-responder markets as a product manufacturer and an experienced government contractor. Mission Ready leverages its privileged access to valuable federal procurement vehicles, including the Multiple Award Schedule ("**MAS**") contracts administered by the US General Services Administration ("**GSA**").

Mission Ready's operations are conducted through its wholly-owned subsidiaries, including Mission Ready Holdings Ltd., Mission Ready Holdings USA Inc., 10-20 Services Inc. Protect The Force Inc., No-Contact LLC (dba PTF Innovations), PTF Manufacturing Inc. and Unifire, Inc. (collectively, the "**Company**"). As at March 31, 2023, the Company had a corporate office in Vancouver, British Columbia, Canada, a manufacturing facility in Jacksboro, Tennessee, USA, and a Unifire, Inc. office in Spokane, Washington, USA.

SUMMARY OF RECENT EVENTS

Loan from Northwest Bank of Coeur d'Alene

In December 2021, the Company received a loan for US\$6,000,000 from Northwest Bank of Coeur d'Alene (the "**Lender**") to facilitate payment of certain payables. Pursuant to the terms of the loan, the monthly payment due to Lender by the Company is equal to US\$87,651 per month from February 1, 2022, to January 1, 2027, at which time all sums owing become fully due and payable. The interest payable is based on the index rate of the Lender (3.25% per annum as of the effective date of the loan) plus 2.75%, which is subject to adjustment from time to time based on changes in the Wall Street Journal Prime Rate. On October 20, 2022, the Company received a notice of default from the Lender for failing to make the October 1, 2022 payment and meet the minimum liquidity requirement. Pursuant to a forbearance agreement entered into on September 27, 2022 and subsequently amended on October 28, 2022, the Lender agreed to deduct the October 1, 2022 payment from the reserve account, the Company must replenish the reserve account within 30 days of the amended forbearance agreement, provided that the Company satisfy the minimum liquidity requirement by November 19, 2022.

On February 22, 2023, a complaint was filed against the Company with the United States District Court in Idaho in relation to the note payable to Northwest Bank of Coeur d'Alene. The complaint alleges that the Company breached its obligations under the loan documents and forbearance agreement. The Company intends to vigorously defend against this complaint and has retained a legal counsel.

Debt Settlement

On November 5, 2021, the Company entered into a debt settlement (the "Settlement Agreement") with Product Source Group, LLC and JD. United Manufacturing Co. Ltd. (the "Creditor") for the payment of the principal amount outstanding of US\$7,100,000 (the "Debt"). Pursuant to the Settlement Agreement, the principal balance payable to the Creditor was reduced from US\$7.5 million (including accrued interest) to US\$6 million. The Company secured a loan from Northwest Bank of Coeur d'Alene to facilitate its payment of US\$6 million on or before March 30, 2022, pursuant to the terms of the discount provision of the Settlement Agreement. The Company remitted an initial payment of US\$1 million, and subsequently, the Creditor agreed to accept 3,595,856 common shares of the Company in satisfaction of US\$1 million (issued on February 3, 2022). On January 24, 2022, the remaining balance of US\$4 million was paid in cash by the Company to fully extinguish the outstanding balance to the Creditor.

Master Distribution and Marketing Agreement

In March 2022, the Company entered into a Master Distribution and Marketing Agreement with NuGen M.D. ("NuGen") whereby the Company has been granted exclusive rights to sell NuGen's needle-free injection device InsuJet into various US government agencies and non-exclusive rights to sell into government agencies in Israel and Australia.

Non-Brokered Private Placements

On December 16, 2022 and January 18, 2023, the Company closed tranches one and two, respectively, of a non-brokered private placement offering, issuing an aggregate of 12,531,000 units at a price of \$0.08 per unit for gross proceeds of \$1,002,480. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.15 per share for a period of three years from the date of closing. The net proceeds from this offering will be used for ongoing activities and general corporate purposes.

Director Resignation

In May 2023, Terrace L. Nixon resigned as Chief Compliance Officer and from the Company's board of directors. In April 2023, William Bratton resigned from the Company's board of directors.

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RESULTS OF OPERATIONS**Results of Operations for the Three Months Ended March 31, 2023**

The Company's gross revenues for the three months ended March 31, 2023, were \$0.98 million, a decrease of \$0.09 million from the \$1.07 million realized in the same period in 2022. This is primarily attributable to delays in contracts being awarded. The Company recorded a cost of goods sold of \$0.32 million for the three months ended March 31, 2023, compared to \$0.54 million in 2022. The gross margin was 67% for the period. The improved margin (relative to recent periods) reflects the generally higher margins the Company receives on products manufactured in-house without the influence of lower-margined government contracts.

Total operating expenses expressed in dollars were lower during the three months ended March 31, 2023, as compared to the same period in 2022. The decrease in total expenses can be mainly attributed to significant reduction in consulting fees, wages and benefits and stock-based compensation related to the vesting of stock options during the period. The decrease in operating expenses was partially offset by an increase in interest and bank charges related to the loan from Northwest Bank of Coeur d'Alene and notes payable for the Unifire, Inc. acquisition and research and development costs.

The Company's corporate head office costs was \$0.28 million as compared to recovery of \$0.87 million for the same period in 2022, mainly due to a decrease in consulting fees, wages and benefits and decrease in stock-based compensation. In addition, during the comparative period, the Company recognized a gain on settlement of debts of \$1.63 million related to fully extinguishing the outstanding balance to Product Source Group, LLC and JD. United Manufacturing Co. Ltd.

Net loss for the three months ended March 31, 2023, was \$0.82 million, an increase in net loss of \$1.10 million from a net income of \$0.28 million in the prior period. Adjusted EBITDA, consisting of earnings before interest, taxes, depreciation, amortization, stock-based compensation, for the three months ended March 31, 2023, was \$(0.51) million, a decrease of \$1.46 million from an adjusted EBITDA of \$0.95 million in the prior year. This decrease in adjusted EBITDA is mainly due to the timing of contract awards.

The Company derives approximately 97% of its revenues from customers and clients where the end customer is the US Department of Defense, law enforcement, or private security.

SUMMARY OF QUARTERLY RESULTS

The following table provides a summary of the Company's eight most recently completed quarters:

Fiscal Year		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2023	Revenue	\$ 975,227			
	Net comprehensive income (loss)	\$ (757,726)			
	Basic and diluted earnings (loss) per share	(0.00)			
2022	Revenue	\$ 1,065,358	\$ 1,939,736	\$ 1,046,250	\$ 1,470,992
	Net comprehensive income (loss)	\$ 320,678	\$ (1,857,171)	\$ (2,430,294)	\$ (18,931,621)
	Basic and diluted earnings (loss) per share	0.00	(0.01)	(0.01)	(0.09)
2021	Revenue		\$ 12,008,561	\$ 6,005,417	\$ 7,246,297
	Net comprehensive income (loss)		\$ (3,413,417)	\$ (1,458,279)	\$ (2,230,922)
	Basic and diluted earnings (loss) per share		(0.02)	(0.01)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2023, the Company had working capital deficiency of \$8,491,922 (December 31, 2022 – \$7,852,537) including cash and cash equivalents of \$246,807 (December 31, 2022 - \$356,884). The Company's working capital decreased mainly due to reclassifying the balance outstanding to the Lender to current liabilities as a result of the default provisions in the loan agreement and the increase in due to related parties. The decrease was partially offset by funds received upon completion of a private placement offering through which the Company raised gross proceeds of \$125,850 during the three months ended March 31, 2023.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Classification of financial instruments

	March 31, 2023	December 31, 2022
	\$	\$
FVTPL financial asset	246,807	356,884
Financial assets at amortized costs	294,952	763,001
Financial liabilities at amortized costs	11,769,166	11,663,701

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, foreign exchange risk, and interest rate risk, as discussed in the Company's financial statements for the three months ended March 31, 2023.

Capital Management

The Company's policy is to retain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

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TRANSACTIONS BETWEEN RELATED PARTIES

Related Party Balances

As of March 31, 2023 and December 31, 2022, the Company had the following amounts owed to related parties that are noninterest-bearing, unsecured, and have no specified terms of repayment.

	March 31, 2023	December 31, 2022
	\$	\$
Buck Marshall – Chief Executive Officer and a Director	100,530	36,569
Dong Shim – Chief Financial Officer	10,500	23,250
Terrace Nixon – Chief Compliance Officer and a Director	110,701	102,681
Daniel Raczykowski – Director	156,550	72,249
Paul Litchfield – Director	12,180	-
James Marks – Director	20,300	-
William Bratton – Former Director	48,719	36,569
	459,480	271,318

Compensation of Key Management Personnel

Key management consists of the Company's directors and officers. The compensation paid or payable to directors and key management personnel, including consulting and professional fees for administrative, management, accounting, and legal services provided by these related parties, during the three months ended March 31, 2023 and 2022 are as follows:

	2023	2022
	\$	\$
Buck Marshall – Chief Executive Officer and a Director		
Wages and benefits for CEO services	81,156	75,972
Director fees	12,173	11,396
Dong Shim – Chief Financial Officer		
Consulting fees for accounting services	15,000	15,000
Terrace Nixon – Chief Compliance Officer and a Director		
Wages and benefits for CCO services	81,200	65,921
Director fees	12,173	11,396
Daniel Raczykowski – Director		
Wages and benefits for COO services	67,630	63,310
Director fees	12,173	11,396
Paul Litchfield – Director		
Director fees	12,173	11,396
James Marks – Director		
Director fees	20,289	18,992
William Bratton – Former Director		
Director fees	12,173	11,396
Stock-based compensation to officers and directors	-	185,718
	326,140	481,893

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this MD&A:

	Balance
Shares issued and outstanding	215,550,000
Stock options	18,400,000
Share purchase warrants	12,588,690
Fully Diluted	246,538,690

Incentive Stock Option Grants

On January 4, 2022, the Company granted 200,000 stock options at an exercise price of \$0.25 per share for a period of five years.

Share Purchase Warrants

On December 16, 2022, the Company issued 10,957,875 share purchase warrants at an exercise price of \$0.15 per share for a period of three years.

On January 18, 2023, the Company issued 1,573,125 share purchase warrants at an exercise price of \$0.15 per share for a period of three years.

On January 18, 2023, the Company issued 57,960 finder's warrants at an exercise price of \$0.15 per share for a period of three years.

Critical Accounting Estimates

Critical accounting estimates remain unchanged from the Company's fiscal year ended December 31, 2022.

CRITICAL RISKS AND UNCERTAINTIES

Operating History

Historically, the Company has incurred both profits and losses from operations. The Company cannot be certain that its investment strategy or development of the Company's business will be successful and the likelihood of the Company's success must be considered in light of the expenses, difficulties, complications and delays frequently encountered by businesses in similar industries and in connection with the establishment of any business. If the Company fails to adequately address any of those risks or difficulties, operations will likely suffer.

Competition

The earnings of the Company depend upon the Company's ability to locate suitable opportunities and to bring to market the proprietary products being developed by its research and development division. Competition may restrict the Company's share of the market, reduce rates of return and/or may reduce profit margins.

Coronavirus Global Pandemic Risk

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's products and harm the Company's business and results of operations. The Company cannot predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

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With employees, partners and customers across multiple geographies, the Company's management continues to closely monitor developments surrounding the COVID-19 pandemic. The Company's focus is on the safety and well-being of its employees, customers, and partners, and is taking precautions to minimize the spread of COVID-19 in alignment with local government policies and national and international agency recommendations. To help combat the pandemic, the Company has formed an independent COVID-19 response team consisting of 15 select inside and outside Company representatives working in cooperation to source and supply mission-critical product and service solutions including PPE, shelters, and third-party logistics services.

ADDITIONAL INFORMATION

Additional disclosure of the Company's, material change reports, new releases, and other information can be obtained on SEDAR at www.sedar.com, or by requesting further information from the Company's head office in Vancouver, BC, Canada.