

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period from _____ to _____

Commission file number: 000-56074

BIOTRICITY INC.

(Exact name of registrant as specified in its charter)

Nevada
State or other jurisdiction
of incorporation or organization)

30-0983531
(I.R.S. Employer
Identification No.)

275 Shoreline Drive, Suite 150
Redwood City, California 94065
(Address of principal executive offices)

(650) 832-1626
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act: None.

Indicate by check whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 40,687,578 shares of Common Stock, \$0.001 par value, at August 16, 2021. As at that same date, the Company also has 1,466,718 Exchangeable Shares outstanding that convert directly into common shares, which when combined with its Common Stock produce an amount equivalent to 42,154,296 outstanding voting securities.

BIOTRICITY INC.

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PART 1
FINANCIAL INFORMATION

Item 1 – Condensed Consolidated Financial Statements

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BIOTRICITY INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2021 (unaudited) and MARCH 31, 2021 (audited)
(Expressed in US Dollars)

	As at Jun 30, 2021 \$	As at Mar 31, 2021 \$
CURRENT ASSETS		
Cash	201,588	2,201,562
Accounts receivable, net	1,950,333	1,520,836
Inventory	179,799	272,493
Deposits and other receivables	412,885	326,664
Total current assets	2,744,605	4,321,555
Long-term accounts receivable	22,679	50,358
Operating right of use lease asset	—	66,120
TOTAL ASSETS	2,767,284	4,438,033
CURRENT LIABILITIES		
Accounts payable and accrued liabilities [Note 4]	2,960,953	2,520,124
Convertible promissory notes and short term loans [Note 5]	5,595,465	4,278,018
Derivative liabilities [Note 7]	3,733,256	3,633,856
Operating lease liability	—	58,257
Total current liabilities	12,289,674	10,490,255
Federally guaranteed loans [Note 6]	870,800	370,900
Derivative liabilities [Note 7]	206,517	410,042
TOTAL LIABILITIES	13,366,991	11,271,197
STOCKHOLDERS' DEFICIENCY		
Preferred stock, \$0.001 par value, 10,000,000 authorized as at June 30, 2021 and March 31, 2021, respectively, 1 share issued and outstanding as at June 30, 2021 and March 31, 2021, respectively [Note 8]	1	1
Preferred stock, \$0.001 par value, 20,000 authorized as at June 30, 2021 and March 31, 2021, respectively, 8,045 preferred shares issued and outstanding as at June 30, 2021 and as at March 31, 2021, respectively [Note 8]	8	8
Common stock, \$0.001 par value, 125,000,000 authorized as at June 30, 2021 and March 31, 2021, respectively. Issued and outstanding common shares: 37,850,064 and 36,124,964 as at June 30, 2021 and March 31, 2021, respectively, and exchangeable shares of 1,466,718 and 2,889,978 outstanding as at June 30, 2021 and March 31, 2021, respectively [Note 8]	39,317	39,015
Shares to be issued (651,169 and 268,402 shares of common stock as at June 30, 2021 and March 31, 2021, respectively) [Note 8]	1,511,462	280,960
Additional paid-in-capital	57,192,182	56,298,726
Accumulated other comprehensive loss	(627,626)	(634,186)
Accumulated deficit	(68,715,051)	(62,817,688)
Total stockholders' deficiency	(10,599,707)	(6,833,164)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	2,767,284	4,438,033

See accompanying notes to unaudited condensed consolidated interim financial statements

BIOTRICITY INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in US Dollars)

	3 Months Ended Jun 30, 2021 \$	3 Months Ended Jun 30, 2020 \$
REVENUE	1,764,110	451,898
Cost of Revenue	525,426	201,342
NET REVENUE	1,238,684	250,556
EXPENSES		
General and administrative expenses <i>[Notes 7, 8 and 9]</i>	3,652,203	3,195,353
Research and development expenses	588,997	423,883
TOTAL OPERATING EXPENSES	4,241,200	3,619,236
Other income / (expense)	19,433	(7,359)
Accretion and amortization expenses <i>[Note 5]</i>	2,335,167	
Change in fair value of derivative liabilities <i>[Note 7]</i>	298,983	(204,142)
NET LOSS BEFORE INCOME TAXES	(5,656,099)	(3,157,179)
Income taxes	—	—
NET LOSS BEFORE DIVIDENDS	(5,656,099)	(3,157,179)
Less: Preferred Stock Dividends	241,264	237,215
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	(5,897,363)	(3,394,394)
Translation adjustment	6,560	(105,001)
COMPREHENSIVE LOSS	(5,890,803)	(3,499,395)
LOSS PER SHARE, BASIC AND DILUTED	(0.151)	(0.092)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	39,095,637	36,768,299

See accompanying notes to unaudited condensed consolidated interim financial statements

BIOTRICITY INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020 (UNAUDITED)

	Preferred stock		Common stock and exchangeable common shares		Shares to be Issued		Additional paid in capital	Accumulated other comprehensive (loss) income	Accumulated deficit	Total
	Shares	\$	Shares	\$	Shares	\$				
Balance, March 31, 2021	8,046	9	39,014,942	39,015	268,402	280,960	56,298,726	(634,186)	(62,817,688)	(6,833,164)
Conversion of convertible notes into common shares	—	—	201,604	202	327,274	1,190,502	479,558	—	—	1,670,262
Exercise of warrants for cash	—	—	100,236	100	37,736	40,000	106,150	—	—	146,250
Issuance of warrants for services	—	—	—	—	—	—	151,897	—	—	151,897
Stock based compensation - ESOP	—	—	—	—	—	—	155,851	—	—	155,851
Translation adjustment	—	—	—	—	—	—	—	6,560	—	6,560
Net loss for the period	—	—	—	—	—	—	—	—	(5,656,099)	(5,656,099)
Preferred stock dividends	—	—	—	—	—	—	—	—	(241,264)	(241,264)
Balance, June 30, 2021 (unaudited)	8,046	9	39,316,782	39,317	633,412	1,511,462	57,192,182	(627,626)	(68,715,051)	(10,599,707)
Balance, March 31, 2020	7,831	9	36,381,815	36,382	178,750	169,490	44,015,397	(857,307)	(46,364,364)	(3,000,393)
Issuance of preferred stock	215	—	—	—	—	—	215,000	—	—	215,000
Derivative liabilities adjustment	—	—	—	—	—	—	(41,749)	—	—	(41,749)
Issuance of shares for services	—	—	791,000	791	(153,750)	(147,296)	1,210,259	—	—	1,063,754
Issuance of warrants for services	—	—	—	—	—	—	45,113	—	—	45,113
Stock based compensation - ESOP	—	—	—	—	—	—	232,519	—	—	232,519
Translation adjustment	—	—	—	—	—	—	—	(105,001)	—	(105,001)
Net loss for the period	—	—	—	—	—	—	—	—	(3,157,179)	(3,157,179)
Preferred stock dividends	—	—	—	—	—	—	—	—	(237,215)	(237,215)
Balance, June 30, 2020 (unaudited)	8,046	9	37,172,815	37,173	25,000	22,194	45,676,539	(962,308)	(49,758,758)	(4,985,151)

See accompanying notes to unaudited condensed consolidated interim financial statements

BIOTRICITY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in US Dollars)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before dividends	(5,656,099)	(3,157,179)
<i>Adjustments to reconcile net loss to net cash used in operations</i>		
Stock based compensation	155,851	232,519
Issuance of shares for services	—	1,063,754
Issuance of warrants for services	151,897	45,113
Accretion and amortization expenses	2,335,167	—
Change in fair value of derivative liabilities	298,983	(204,142)
Loss on conversion of convertible notes to common shares	28,213	—
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable, net	(401,818)	(179,533)
Inventory	92,694	(150,386)
Deposits and other receivables	(86,221)	10,717
Accounts payable and accrued liabilities	399,937	(53,972)
Net cash used in operating activities	(2,681,396)	(2,393,109)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of preferred shares, net	—	100,000
Exercise of warrants for cash	146,250	—
Federally guaranteed loans	499,900	1,570,900
Proceeds from (repayment to) ST loan and promissory notes, net	139,780	(96,913)
Preferred Stock Dividend	(204,842)	—
Net cash provided by financing activities	581,088	1,573,987
Effect of foreign currency translation	100,334	(65,851)
Net decrease in cash during the period	(1,999,974)	(884,973)
Cash, beginning of period	2,201,562	949,848
Cash, end of period	201,588	64,875

See accompanying notes to unaudited condensed consolidated interim financial statements

BIOTRICITY INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 (Unaudited)
(Expressed in US dollars)

1. NATURE OF OPERATIONS

Biotricity Inc. (formerly MetaSolutions, Inc.) (the “Company”) was incorporated under the laws of the State of Nevada on August 29, 2012. iMedical Innovations Inc. (“iMedical”) was incorporated on July 3, 2014 under the laws of the Province of Ontario, Canada and became a wholly-owned subsidiary of Biotricity through reverse take-over.

Both the Company and iMedical are engaged in research and development activities within the remote monitoring segment of preventative care. They are focused on a realizable healthcare business model that has an existing market and commercialization pathway. As such, its efforts to date have been devoted in building technology that enables access to this market through the development of a tangible product.

2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) for interim financial information and the Securities and Exchange Commission (“SEC”) instructions to Form 10-Q and Article 8 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with Biotricity’s audited consolidated financial statements for the years ended March 31, 2021 and 2020 and their accompanying notes.

The accompanying unaudited condensed consolidated financial statements are expressed in United States dollars (“USD”). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations for the interim periods presented have been reflected herein. Operating results for the interim periods presented herein are not necessarily indicative of the results that may be expected for the year ending March 31, 2022. The Company’s fiscal year-end is March 31.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Significant intercompany accounts and transactions have been eliminated.

Certain prior year amounts have been reclassified to conform to the current year’s presentation.

Liquidity and Basis of Presentation

The Company is in the early stages of commercializing its first product. It is concurrently in development mode, operating a research and development program in order to develop an ecosystem of medical technologies, and, where required or deemed advisable, obtain regulatory approvals for, and commercialize other proposed products. The Company has incurred recurring losses from operations, and as at June 30, 2021, has an accumulated deficit of \$68,715,051 and a working capital deficiency of \$9,545,069. The Company launched its first commercial sales program as part of a limited market release, during the year ended March 31, 2019, using an experienced professional in-house sales team. A full market release ensued during the year ended March 31, 2020. Management anticipates the Company will continue on its revenue growth trajectory and improve its liquidity through continued business development and after additional equity or debt capitalization of the Company. The Company has developed and continues to pursue sources of funding that management believes if successful would be sufficient to support the Company’s operating plan and alleviate any substantial doubt as to its ability to meet its obligations at least for a period of one year from the date of these consolidated financial statements. During the fiscal year ended March 31, 2021, the Company closed a number of private placements offering of convertible notes, which have raised net cash proceeds of \$11,375,690. During the fiscal quarter ended June 30, 2021, \$1,157,500 of convertible notes issued during last year was converted into common shares. During the fiscal quarter ended June 30, 2021, the Company raised an additional \$499,900 through government EIDL loan, and \$250,000 through short term loans.

The Company's operating plan is predicated on a variety of assumptions including, but not limited to, the level of product demand, cost estimates, its ability to continue to raise additional financing and the state of the general economic environment in which the Company operates. There can be no assurance that these assumptions will prove to be accurate in all material respects, or that the Company will be able to successfully execute its operating plan. In the absence of additional appropriate financing, the Company may have to modify its operating plan or slow down the pace of development and commercialization of its proposed products. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case of equity financing.

Due to the disruption of the COVID-19 crisis, the Company's business activities might be subject to certain level of adverse impact. To the date of the issuance of these financial statements, the Company is still assessing the impact on its business, results of operations, financial position and cash flows, which will be accounted for when the reliable estimates will become available.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant estimates and assumptions include: deferred income tax assets and related valuation allowance, accruals and valuation of derivatives, convertible promissory notes, stock options, and assumptions used in the going concern assessment. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Earnings (Loss) Per Share

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at June 30, 2021 and 2020.

Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash, accounts receivable, deposits and other receivables, convertible promissory notes, and accounts payable and accrued liabilities. The Company's cash and derivative liabilities, which are carried at fair values, are classified as a Level 1 and Level 3, respectively. The Company's bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

Leases

The Company is the lessee in a lease contract when the Company obtains the right to use the asset. Operating leases are included in the line items right-of-use asset, lease obligation, current, and lease obligation, long-term in the consolidated balance sheet.

Right-of-use (“ROU”) asset represents the Company’s right to use an underlying asset for the lease term and lease obligations represent the Company’s obligations to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the consolidated balance sheet and are expensed on a straight-line basis over the lease term in our consolidated statement of income. The Company determines the lease term by agreement with lessor. As our lease do not provide an implicit interest rate, the Company uses the Company’s incremental borrowing rate based on the information available at commencement date in determining the present value of future payments.

Government loan

Loans that were received from the federal government, which contain certain operating conditions and with terms of over twelve months, are recorded by the Company as long-term liabilities.

Convertible Promissory Notes Payable and Derivative Instruments

The Company has adopted the provisions of ASU 2017-11 to account for the down round features of warrants issued with private placements effective as of April 1, 2017. In doing so, warrants with a down round feature previously treated as derivative liabilities in the consolidated balance sheet and measured at fair value are henceforth treated as equity, with no adjustment for changes in fair value at each reporting period. Previously, the Company accounted for conversion options embedded in convertible notes in accordance with ASC 815. ASC 815 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free-standing derivative financial instruments. ASC 815 provides for an exception to this rule when convertible notes, as host instruments, are deemed to be conventional, as defined by ASC 815-40. The Company accounts for convertible notes deemed conventional and conversion options embedded in non-conventional convertible notes which qualify as equity under ASC 815, in accordance with the provisions of ASC 470-20, which provides guidance on accounting for convertible securities with beneficial conversion features. Accordingly, the Company records, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments.” This pronouncement, along with subsequent ASUs issued to clarify provisions of ASU 2016-13, changes the impairment model for most financial assets and will require the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. In developing the estimate for lifetime expected credit loss, entities must incorporate historical experience, current conditions, and reasonable and supportable forecasts. This pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. On November 19, 2019, the FASB issued ASU No. 2019-10, Financial Instruments—Credit Losses (Topic 326), finalized various effective date delays for private companies, not-for-profit organizations, and certain smaller reporting companies applying the credit losses (CECL), the revised effective date is January 2023.

In July 2019, the FASB issued ASU 2019-07, Codification Updates to SEC Sections. This ASU amends various SEC paragraphs pursuant to the issuance of SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization. One of the changes in the ASU requires a presentation of changes in stockholders' equity in the form of a reconciliation, either as a separate financial statement or in the notes to the financial statements, for the current and comparative year-to-date interim periods. The Company presented changes in stockholders' equity as separate financial statements for the current and comparative year-to-date interim periods beginning on April 1, 2019. The additional elements of the ASU did not have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes ("ASU 2019-12"), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is currently evaluating the impacts of the provisions of ASU 2019-12 on its financial condition, results of operations, and cash flows.

In March 2020, the FASB issued ASU No. 2030-20 Codification Improvements to Financial Instruments, An Amendment of the FASB Accounting Standards Codification: a) in ASU No. 2016-01, b) in Subtopic 820-10, c) for depository and lending institutions clarification in disclosure requirements, d) in Subtopic 470-50, e) in Subtopic 820-10, f) Interaction of Topic 842 and Topic 326, g) Interaction of the guidance in Topic 326 and Subtopic 860-20. The amendments in this Update represent changes to clarify or improve the Codification. The amendments make the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications. For public business entities updates under the following paragraphs: a), b), d) and e) are effective upon issuance of this final update. The effective date for c) is for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company does not expect that the new guidance will significantly impact its consolidated financial statements.

The Company continues to evaluate the impact of the new accounting pronouncement, including enhanced disclosure requirements, on our business processes, controls and systems.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at June 30, 2021	As at March 31, 2021
	\$	\$
Accounts payable	1,282,921	1,041,385
Accrued liabilities	1,678,032	1,478,739
	<u>2,960,953</u>	<u>2,520,124</u>

Accounts payable as at June 30, 2021, and March 31, 2021 include \$ 177,840 and \$182,995, respectively, due to a shareholder and executive of the Company, primarily as a result of that individual's role as an employee. These amounts are unsecured, non-interest bearing and payable on demand.

5. CONVERTIBLE PROMISSORY NOTES AND SHORT TERM LOANS

- a) The Company has issued various promissory notes and obtained several short term loans. The promissory notes and short-term loans are generally for a 1-year term at interest rates of between 10% and 12%, with allowance for the Company to repay early, and the possibility to convert into equity on the basis of mutual consent. Warrants to purchase the Company's shares of common stock were granted pursuant to the issuance of certain promissory notes. Management has evaluated the terms of these notes issued in accordance with the guidance provided by ASC 470 and ASC 815 and concluded that there is no derivative or beneficial conversion feature attached to these notes.

During the year ended March 31, 2021, the Company raised additional \$500,000 in promissory notes that were subject to the same terms of the notes previously issued. During the year ended March 31, 2021, the Company made repayment of the notes and short term loan in the amount of \$908,082, and one noteholder further paid the Company \$67,941 to exercise warrants related to 97,500 shares of the Company's common stock. During the year ended March 31, 2021, one noteholder converted a \$100,000 note and \$15,000 accrued interest into 115 Series A preferred shares.

During the three months ended June 30, 2021, the Company raised additional \$250,000 in short-term loans, that was subject to the same terms of short-term loans previously issued. During the three months ended June 30, 2021, the Company made repayments of notes and short term loan in the amount of \$110,220.

As at June 30, 2021, the Company had a balance in promissory note of \$550,000 (March 31, 2021 - \$600,577).

As at June 30, 2021, the Company had a balance in short term loan of \$1,250,000 (March 31, 2021 - \$1,059,643)

General and administrative expenses included interest expense on the above notes of \$56,220 and \$37,456 for the three months ended June 30, 2021 and 2020, respectively.

- (b) During the year ended March 31, 2021, the Company issued \$11,275,500 (face value) in two series of convertible promissory notes (the "Series A Notes") sold under subscription agreements to accredited investors. The Notes mature one year from the final closing date of the offering and accrue interest at 12% per annum.

For first series of Series A Notes, commencing six months following the Issuance Date, and at any time thereafter (provided the Holder has not received notice of the Company's intent to prepay the note), at the sole election of the Holder, any amount of the outstanding principal and accrued interest of this note (the "Outstanding Balance") may be converted into that number of shares of Common Stock equal to: (i) the Outstanding Balance divided by (ii) 75% of the volume weighted average price of the Common Stock for the 5 trading days prior to the Conversion Date (the conversion price).

For the first series of Series A Notes, the notes will automatically convert into common stock (in each case, subject to the trading volume of the Company's common stock being a minimum of \$500,000 for each trading day in the 20 consecutive trading days immediately preceding the conversion date), upon the earlier to occur of (i) the Company's common stock being listed on a national securities exchange, in which event the conversion price will be equal to 75% of the volume weighted average price of the common stock for the 20 trading days prior to the conversion date, or (ii) upon the closing of the Company's next equity round of financing for gross proceeds of greater than \$5,000,000, in which event the conversion price will be equal to 75% of the price per share of the common stock (or of the conversion price in the event of the sale of securities convertible into common stock) sold in such financing. The Company may, at its discretion redeem the notes for 115% of their face value plus accrued interest.

For second series of Series A Notes, the notes could be converted into shares of common stock, at the option of the holder, commencing six months from issuance, at a conversion price equal to the lower of \$4.00 per share or 75% of the volume weighted average price of the common stock for the five trading days prior to the conversion date

For the second series of Series A Notes, the notes will automatically convert into common stock (in each case, subject to the trading volume of the Company's common stock being a minimum of \$500,000 for each trading day in the 20 consecutive trading days immediately preceding the conversion date), upon the earlier to occur of (i) the Company's common stock being listed on a national securities exchange, in which event the conversion price will be equal to the lower of \$4.00 per share or 75% of the volume weighted average price of the common stock for the 20 trading days prior to the conversion date, or (ii) upon the closing of the Company's next equity round of financing for gross proceeds of greater than \$5,000,000, in which event the conversion price will be equal to the lower of \$4.00 per share or 75% of the price per share of the common stock (or of the conversion price in the event of the sale of securities convertible into common stock) sold in such financing. The Company may, at its discretion redeem the notes for 115% of their face value plus accrued interest.

The Company was obligated to issue warrants that accompany the convertible notes and provide 50% warrant coverage. The warrants have a 3-year term from date of issuance and an exercise price that is 120% of the 20-day volume weighted average price of the Company's common shares at the time final closing.

The Company was obligated to pay the placement agent of the first series of Series A Notes a 12% cash fee for \$8,925,550 (face value) of the notes and 2.5% cash fee and other sundry expenses for the remaining \$2,350,000 (face value) of the notes.

Net proceeds to the Company from Series A Notes issuance up to March 31, 2021 amounted to \$10,135,690 after payment of the relevant financing related fees.

The Company was also obligated to issue warrants to the placement agent that have a 10-year term and cover 12% of funds raised for \$8,925,550 (face value) of the notes (first series) and 2.5% of funds raised for the remaining \$2,350,000 (face value) of notes (second series), with an exercise price that is 120% of the 20-day volume weighted average price of the Company's common shares at the time final closing.

On final closing, which occurred on January 8, 2021, the warrants' exercise price was struck at \$1.06 per share.

Prior to January 8, 2021 (final closing date), the Company determined that the conversion and redemption features, investor warrants and placement agent warrants contained in those Notes represented a single compound derivative liability that meets the requirements for liability classification under ASC 815. The Company accounted for these obligations by determining the fair value of the related derivative liabilities associated with the embedded conversion and redemption features, as well as investor warrants and placement agent warrants. The initial fair value of the derivative liabilities generated as a result of issuing the Series A Notes was \$6,932,194 (Note 7).

Subsequently, the exercise price of all warrants was concluded and locked to \$1.06 as of January 8, 2021. Since the exercise price was no longer a variable, the Company concluded that the noteholder and placement agent warrants should no longer be accounted for as a derivative liability in accordance with ASC 815 guidelines related to equity indexation and classification. The derivative liabilities related to those warrants were therefore marked to market as of January 8, 2021 and then transferred to equity (collectively, "End of warrants derivative treatment") (Note 7 and Note 8).

For the Series A Notes, The Company recognized debt issuance costs in the amount of \$2,301,854 and treated these as a deduction from the convertible note liabilities directly, as a contra-liability, and amortized the debt issuance cost over the term of the Notes. The Company also recognized initial debt discount in the amount of \$8,088,003 and accreted the interest over the remaining lives of those Notes. At March 31, 2021, the Company recorded \$432,824 interest accruals for those notes' balance. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering. During the year ended March 31, 2021, \$739,000 (face value) of Series A Notes with unpaid interest were converted into 751,487 common shares. At March 31, 2021, 733,085 common shares were issued and an additional 18,402 common shares were to be issued subsequent to year end. During the quarter ended June 30, 2021, the 18,402 common shares were issued.

At June 30, 2021, the Company recorded \$656,902 interest accruals for the Series A Notes. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

During the three months ended June 30, 2021, \$1,157,500 (face value) of Series A Notes with unpaid interests were converted into 528,878 common shares, out of which 345,676 were common shares that would be issued subsequent to June 30, 2021.

In addition, during the year ended March 31, 2021, the Company also issued \$1,312,500 (face value) of convertible promissory notes (“Series B Notes”) to various accredited investors. Commencing six months following the issuance date, and at any time thereafter, subject to the Company’s Conversion Buyout clause, at the sole election of the holder, any amount of the outstanding principal and accrued interest of the note (the “outstanding balance”) may be converted into that number of shares of Common Stock equal to: (i) the outstanding balance divided by (ii) the Conversion Price. Partial conversions of the note shall have the effect of lowering the outstanding principal amount of the note. The holder may exercise such conversion right by providing written notice to the Company of such exercise in a form reasonably acceptable to the Company (a “conversion notice”). Conversion price means (subject in all cases to proportionate adjustment for stock splits, stock dividends, and similar transactions), seventy-five percent (75%) multiplied by the average of the three (3) lowest closing prices during the previous ten (10) trading days prior to the receipt of the conversion notice.

The Series B Notes will automatically convert into common stock upon a merger, consolidation, exchange of shares, recapitalization, reorganization, as a result of which the Company’s common stock shall be changed into another class or classes of stock of the Company or another entity, or in the case of the sale of all or substantially all of the assets of the Company other than a complete liquidation of the Company. Within the first 180 days after the issuance date, the Company may, at its discretion redeem the notes for 115% of their face value plus accrued interest. The Company is obligated to issue warrants that accompany the convertible notes and provide 50% warrant coverage. The warrants have a 3-year term from date of issuance and an exercise price that is \$1.06 per share for 100,000 warrant shares and \$1.5 per share for 212,500 warrant shares.

Net proceeds to the Company from convertible note issuances to March 31, 2021 amounted to \$1,240,000 after the original issuance discount as well as payment of the financing related fees. The Company determined that the conversion and redemption features contained in the Series B Notes represented a single compound derivative liability that meets the requirements for liability classification under ASC 815. The Company accounted for these obligations by determining the fair value of the related derivative liability associated with the embedded conversion and redemption features. The initial fair value of the derivative liabilities generated as a result of issuing the Series B Notes was \$497,042 (Note 7).

The Company recognized debt issuance costs in the amount of \$10,000 and treated these as a deduction from the convertible note liabilities directly, as a contra-liability, and amortized the debt issuance cost over the term of the Series B Notes. The Company recognized initial debt discount in the amount of \$1,312,500 and accreted the interest over the remaining lives of those notes. At March 31, 2021, the Company recorded \$8,360 interest accruals for the Series B Notes. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

At June 30, 2021, the Company recorded \$24,722 interest accruals for the Series B Notes. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

	Total \$
<i>Year ended March 31, 2021</i>	
Face value of convertible notes issued	12,588,000
Debt discount	(9,400,503)
Debt issuance cost	(2,311,854)
Day 1 value of convertible notes issued	<u>875,643</u>
Accretion of debt discount	1,802,807
Amortization of debt issuance cost	678,348
Total accretion and amortization expenses	<u>2,481,155</u>
Conversion to common shares (Note 8)	<u>(739,000)</u>
<i>Balance at March 31, 2021</i>	<u>2,617,798</u>
<i>Three months ended June 30, 2021</i>	
Accretion of debt discount	1,833,967
Amortization of debt issuance cost	<u>501,200</u>
Total accretion and amortization expenses	<u>2,335,167</u>
Conversion to common shares (Note 8)	<u>(1,157,500)</u>
<i>Balance at June 30, 2021</i>	<u><u>3,795,465</u></u>

General and administrative expenses include interest expense on the above debt instruments of \$321,878 for the three months ended June 30, 2021 (June 30, 2020: \$NIL) .

6. FEDERALLY GUARANTEED LOANS

Economic Injury Disaster Loan (“EIDL”)

In April 2020, the Company received \$370,900 from the U.S. Small Business Administration (SBA) under the captioned program. The loan has a term of 30 years and an interest rate of 3.75%, without the requirement for payment in its first 12 months. The Company may prepay the loan without penalty at will.

In May 2021, the Company received an additional \$499,900 from the SBA under the same terms.

Payment Protection Program (“PPP”) Loan

In May 2020, Biotricity received loan proceeds of \$1,200,000 (the “PPP Loan”) under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) administered by the U.S. Small Business Administration (“SBA”). The Company met the criteria for the loan forgiveness and applied for the loan forgiveness in March 2021. For the year ended March 31, 2021, the Company recognized the loan forgiveness as a reduction to payroll expense in the amount of \$1,156,453 and a reduction to the rent expense of \$43,547. The loan forgiveness was granted by the SBA in May 2021. As at June 30, 2021, the balance of outstanding PPP loan is NIL (March 31, 2021: NIL) .

7. DERIVATIVE LIABILITIES

On December 19, 2019 and January 9, 2020, the Company issued 7,830 Series A preferred shares; 6,000 of these were issued for cash proceeds of \$6,000,000 and 1,830 of these were issued on conversion of \$1,830,000 of promissory notes that had previously been issued for cash proceeds in October 2019.

On May 22, 2020, another 215 Series A preferred shares were issued as a result of a combined transaction that included the conversion of \$100,000 in promissory notes (Note 5(a)) and \$15,000 (Note 5(a)) in accrued interest for 115 preferred shares, as well as a purchase of 100 preferred shares for cash proceeds of \$100,000.

The Company analyzed the compound features of variable conversion and redemption embedded in this instrument, for potential derivative accounting treatment on the basis of ASC 820 (Fair Value in Financial Instruments), ASC 815 (Accounting for Derivative Instruments and Hedging Activities), Emerging Issues Task Force (“EITF”) Issue No. 00–19 and EITF 07–05, and determined that the embedded derivatives should be bundled and valued as a single, compound embedded derivative, bifurcated from the underlying equity instrument, treated as a derivative liability, and measured at fair value.

	Total \$
Derivative liabilities as at March 31, 2020	1,144,733
Derivative fair value at issuance during fiscal 2021	41,749
Change in fair value of derivatives	(776,440)
Derivative liabilities as at March 31, 2021	410,042
Change in fair value of derivatives during the period	(203,525)
Derivative liabilities as at June 30, 2021	<u>\$ 206,517</u>

The lattice methodology was used to value the derivative components, using the following assumptions:

	Assumptions
Dividend yield	12%
Risk-free rate for term	0.26% – 1.7%
Volatility	111.7% - 121.5%
Remaining terms (Years)	2.50 to 5.03
Stock price (\$ per share)	\$0.650 and \$3.145

In addition, the Company recorded derivative liabilities related to the conversion and redemption features of the convertible notes, as well as warrants that were issued in connection with the convertible notes, during the year ended March 31, 2021 (Note 5(b)). As the warrant exercise price became final and locked, the derivative liabilities related to those warrants were marked to market and transferred to equity (Note 5(b)). Any noteholder and placement agent warrants that were issued after the finalization of exercise price was accounted for as equity.

	Total \$
For the year ended March 31, 2021	
Derivative fair value at issuance	
Series A notes (Note 5(b))	6,932,194
Series B notes (Note 5(b))	497,042
	<u>7,429,236</u>
Fair value change upon end of warrants derivative treatment (Note 5(b))	(82,444)
Carrying amount of warrants transferred equity upon end of warrants derivative treatment (Note 5(b))	(3,937,664)
Conversion to common shares (Note 5(b))	(225,284)
Change in fair value of derivative liabilities	450,012
Balance at March 31, 2021	3,633,856
For the three months ended June 30, 2021	
Conversion to common shares (Note 5(b))	(403,108)
Change in fair value of derivative liabilities	<u>502,508</u>

Balance at June 30, 2021

3,733,256

The monte carlo methodology was used to value the convertible note and warrant derivative components, using the following assumptions:

	Conversion and redemption features
Risk-free rate for term (%)	0.10 - 0.19
Volatility (%)	89.2 – 116.5
Remaining terms (Years)	0.53 – 0.68
Stock price (\$ per share)	0.72 – 4.15

8. STOCKHOLDERS' DEFICIENCY

a) Authorized stock

As at June 30, 2021, the Company is authorized to issue 125,000,000 (March 31, 2021 – 125,000,000) shares of common stock (\$0.001 par value) and 10,000,000 (March 31, 2021 – 10,000,000) shares of preferred stock (\$0.001 par value), 20,000 of which (March 31, 2021 – 20,000) are designated shares of Series A preferred stock (\$0.001 par value)

At June 30, 2021, common shares and shares directly exchangeable into equivalent common shares that were issued and outstanding totaled 39,316,782 (March 31, 2021 – 39,014,942); these were comprised of 37,850,064 (March 31, 2021 – 36,124,964) shares of common stock and 1,466,718 (March 31, 2021 – 2,889,978) exchangeable shares. There is currently one share of the Special Voting Preferred Stock issued and outstanding, held by one holder of record, which is the Trustee in accordance with the terms of the Trust Agreement. The Company has also issued a Series A preferred stock, \$0.001 par value; 20,000 shares have been designated as authorized (as at June 30 and March 31, 2021); 8,045 Series A preferred shares were issued and outstanding as at June 30 and March 31, 2021.

b) Exchange Agreement

On February 2, 2016, the Company was formed through reverse-take-over:

- The Company issued approximately 1.197 shares of its common stock in exchange for each common share of iMedical held by the iMedical shareholders who in general terms, are not residents of Canada (for the purposes of the Income Tax Act (Canada)). Accordingly, the Company issued 13,376,947 shares;
- Shareholders of iMedical who in general terms, are Canadian residents (for the purposes of the Income Tax Act (Canada)) received approximately 1.197 Exchangeable Shares in the capital of Exchangeco in exchange for each common share of iMedical held. Accordingly, the Company issued 9,123,031 Exchangeable Shares;
- Each outstanding option to purchase common shares in iMedical (whether vested or unvested) was exchanged, without any further action or consideration on the part of the holder of such option, for approximately 1.197 economically equivalent replacement options with an inverse adjustment to the exercise price of the replacement option to reflect the exchange ratio of approximately 1.197:1;
- Each outstanding warrant to purchase common shares in iMedical was adjusted, in accordance with the terms thereof, such that it entitles the holder to receive approximately 1.197 shares of the common stock of the Company for each warrant, with an inverse adjustment to the exercise price of the warrants to reflect the exchange ratio of approximately 1.197:1

- Each outstanding advisor warrant to purchase common shares in iMedical was adjusted, in accordance with the terms thereof, such that it entitles the holder to receive approximately 1.197 shares of the common stock of the Company for each advisor warrant, with an inverse adjustment to the exercise price of the Advisor Warrants to reflect the exchange ratio of approximately 1.197:1; and
- The outstanding 11% secured convertible promissory notes of iMedical were adjusted, in accordance with the adjustment provisions thereof, as and from closing, so as to permit the holders to convert (and in some circumstances permit the Company to force the conversion of) the convertible promissory notes into shares of the common stock of the Company at a 25% discount to purchase price per share in Biotricity's next offering.

Issuance of common stock, exchangeable shares and cancellation of shares in connection with the reverse takeover transaction as explained above represents recapitalization of capital retroactively adjusting the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

c) Share issuances

Share issuances during the year ended March 31, 2021

During the year ended March 31, 2021, the Company recorded preferred stock dividends for the Series A preferred stock in amount of \$962,148 (2020 - \$257,927) and made a payment in the amount of \$602,969 (2020 - \$180,000).

During the year ended March 31, 2021, the Company issued 733,085 common shares were issued in connection with conversion of convertible notes (Note 5(b)) with another 18,402 that would be issued subsequent to year end. The total amounts of debts settled is in amount of \$1,011,286 that composed of face value of convertible promissory notes in amount of \$739,000 (Note 5(b)), carrying amount of conversion and redemption feature derived from notes in amount of \$225,284 and unpaid interest in amount of \$47,002. The fair value of the shares issued and to be issued was determined based on the market price upon conversion and was in the amount of \$1,076,561 and \$38,460 respectively. The difference between amounts of debts settled and fair value of common shares issued was in the amount of \$103,375 and was recorded as loss on conversion of convertible promissory notes in statement of operations.

During the year ended March 31, 2021, the Company issued 1,900,042 common shares for services provided and for warrants exercised.

During the year ended March 31, 2021, the Company also issued an aggregate of 898,084 shares of its common stock to investors as part of the one-for-one exchange of previously issued exchangeable shares into the Company's Common Stock, which is a non-cash transaction.

Share issuances during the three months ended June 30, 2021

During the three months ended June 30, 2021, the Company issued 183,202 common shares in connection with conversion of convertible notes (Note 5(b)) with another 345,676 that would be issued subsequent to June 30, 2021. The total amounts of debts settled is in amount of \$1,642,049 that composed of face value of convertible promissory notes in amount of \$1,157,500 (Note 5(b)), carrying amount of conversion and redemption feature derived from notes in amount of \$403,108 and unpaid interest in amount of \$81,441. The fair value of the shares issued and to be issued was determined based on the market price upon conversion and was in the amount of \$479,760 and \$1,190,502 respectively. The difference, that represented a loss on conversion, between amounts of debts settled and fair value of common shares issued was in the amount of \$28,213 and was recorded as other income on conversion of convertible promissory notes in statement of operations.

During the three months ended June 30, 2021, the Company also issued an aggregate of 1,423,260 shares of its common stock to investors as part of the one-for-one exchange of previously issued exchangeable shares into the Company's Common Stock, which is a non-cash transaction.

d) Shares to be issued

During the three months ended June 30, 2021, the Company issued 18,402 of previously to be issued shares, in connection with convertible note conversions. As of June 30, 2021, the Company has recognized its contractual obligations for 345,676 shares to be issued, in connection with conversions of convertible notes that took place in the quarter (Note 5(b)), with fair value of shares to be issued of \$1,190,502, determined based on the market price upon conversion. In addition, the Company recognized its contractual obligations for 55,493 shares to be issued for warrant exercises request received but not yet processed as of quarter end.

e) Warrant issuances and exercises

Warrant exercises and issuances during the year ended March 31, 2021

During the year ended March 31, 2021, 97,500 warrants were exercised (2020 – nil) pursuant to receipt of exercise proceeds of \$67,941. (Note 5(a))

During the year ended March 31, 2021, the Company issued 449,583 warrants as compensation for advisor and consultant services which were fair valued. The vested portion in current year and from previous year at \$275,801 and expensed in general and administrative expenses, with a corresponding credit to additional paid in capital. As of December 31, 2020, the Company extended the expiry dates of 788,806 warrants previously issued to an executive of the Company, in order to extend their term from 3 to 10 years in accord with the same term extension made to the options of all other Company employees in fiscal 2020. As part of this revision in terms, 288,806 of these same warrants, previously issued and expensed, were repriced to reflect current market conditions; the resulting increase in the fair value of these warrants of \$464,971 was expensed to general and administrative expenses. In addition, the Company issued 1,065,857 warrants to brokers, and 5,631,132 warrants to convertible note holders, in connection with the convertible note issuance (Note 5(b)). The warrants' fair value has been estimated using a monte carlo model (Note 7), which were initially recorded as derivative liabilities, then recorded as equity upon the end of derivative treatment of such warrants (Note 5(b) and Note 7).

During the three months ended June 30, 2021, the Company issued 60,000 warrants as compensation for advisor and consultant services, including 50,000 warrants issued to an executive of the Company. The warrants expenses were fair valued at \$151,897 and was recognized as general and administrative expenses, with a corresponding credit to additional paid-in capital. In addition, 100,236 of warrants previously issued on convertible notes were exercised for cash of \$106,250, recognized as a credit to common stock and additional paid in capital respectively.

During the three months ended June 30, 2021, one warrant holder provided cash of \$40,000 to exercise 37,736 warrants, which led to 37,736 shares to be issued as at June 30, 2021. Total shares to be issued for warrant exercise requests received but not processed is 37,736 as at June 30, 2021.

Warrant issuances, exercises and expirations or cancellations during the three months ended June 30, 2021 and preceding periods resulted in warrants outstanding at the end of those respective periods as follows:

	Broker Warrants	Consultant Warrants	Warrants Issued on Conversion of Convertible Notes	Private Placement Warrants	Total
As at March 31, 2020	321,314	2,049,837	2,734,530	1,163,722	6,269,403
Less: Expired/cancelled	(128,676)	(271,365)	(911,510)	(1,163,722)	(2,475,273)
Less: Exercised		(97,500)			(97,500)
Add: Issued	1,065,857	449,583	5,631,132	-	7,146,572
As at March 31, 2021	1,258,495	2,130,555	7,454,152	-	10,843,202
Less: Expired/cancelled	-	(93,750)	-	-	(93,750)
Less: Exercised	-	-	(137,972)	-	(137,972)
Add: Issued	-	60,000	-	-	60,000
As at June 30, 2021	1,258,495	2,096,805	7,316,180	-	10,671,480
Exercise Price	\$1.06 to \$3.00	\$0.48-\$7.59	\$1.06 to \$2.00		
Expiration Date	Dec 2021 to Jan 2031	Oct 2017 to Mar 2031	May 2022 to Feb 2024		

f) Stock-based compensation

On February 2, 2016, the Board of Directors of the Company approved the Company's 2016 Equity Incentive Plan (the "Plan"). The purpose of the Plan is to advance the interests of the Company and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Company and by motivating such persons to contribute to the growth and profitability of the Company. The Plan seeks to achieve this purpose by providing for awards in the form of options, stock appreciation rights, restricted stock purchase rights, restricted stock bonuses, restricted stock units, performance shares, performance units and other stock-based awards.

The Plan shall continue in effect until its termination by the board of directors or committee formed by the board; provided, however, that all awards shall be granted, if at all, on or before the day immediately preceding the tenth (10th) anniversary of the effective date. The maximum number of shares of stock that may be issued under the Plan shall be equal to 3,750,000 shares; provided that the maximum number of shares of stock that may be issued under the Plan pursuant to awards shall automatically and without any further Company or shareholder approval, increase on January 1 of each year for not more than 10 years from the effective date, so the number of shares that may be issued is an amount no greater than 20% of the Company's outstanding shares of stock and shares of stock underlying any outstanding exchangeable shares as of such January 1; provided further that no such increase shall be effective if it would violate any applicable law or stock exchange rule or regulation, or result in adverse tax consequences to the Company or any participant that would not otherwise result but for the increase.

Based on the 2016 Option Plan, the Company is authorized to issue employee options with a 10-year term. On March 31, 2020, the Company's Board of Directors approved the amendment of certain prior options grants, issued to current employees, previously issued with a 3-year term, such that the respective options issued under these agreements would have their term extended to 10 years. The Company revalued these options using a lattice model with an expected life of 10 years, risk free rates of 0.46% to 0.75%, stock price of \$0.974 and expected volatility of 132.2%, in order to recognize the additional expense associated with the longer term and recognized a one-time charge of \$1,600,515 in share-based compensation, with a corresponding adjustment to adjusted paid in capital.

During the year ended March 31, 2021, the Company granted 2,610,647 stock options with a weighted average remaining contractual life of 8.7 years. The Company recorded stock-based compensation of \$790,535 in connection with ESOP 2016 Plan under general and administrative expenses with corresponding credit to additional paid in capital.

During the three months ended June 30, 2021, the Company granted 170,532 of options with a weighted average remaining contractual life of 9.3 years. The Company recorded stock-based compensation of \$155,851 in connection with ESOP 2016 Plan (June 30, 2020 - \$232,519), under general and administrative expenses with corresponding credit to additional paid in capital.

The following table summarizes the stock option activities of the Company to June 30, 2021:

	Number of options	Weighted average exercise price (\$)
Granted	4,147,498	3.2306
Exercised	-	-
Outstanding as of March 31, 2018	4,147,498	3.2306
Granted	270,521	1.8096
Exercised	-	-
Outstanding as of March 31, 2019	4,418,019	3.1436
Granted	88,100	0.7763
Expired	(112,509)	2.723
Outstanding as of March 31, 2020	4,393,610	3.1069
Granted	2,610,647	1.0072
Exercised	-	-
Outstanding as of March 31, 2021	7,004,256	2.3268
Granted	170,532	1.7931
Exercised	-	-
Outstanding as of June 30, 2021	7,174,788	2.3141

The fair value of each option granted is estimated at the time of grant using the Black Scholes model using the following assumptions, for each of the respective fiscal year:

	2022	2021	2020	2019
Exercise price (\$)	0.74 – 3.15	0.74-2.89	1.40-2.00	1.40-2.00
Risk free interest rate (%)	0.30 – 1.70	0.18 – 1.72	0.52-2.81	2.27-2.81
Expected term (Years)	2.0 – 10.0	2.0 – 10.0	2.0-3.0	2.0-3.0
Expected volatility (%)	107.6 – 129.9	106.8 – 129.9	97.8-141.1	97.8-141.1
Expected dividend yield (%)	0.00	0.00	0.00	0.00
Fair value of option (\$)	0.59 – 2.14	0.72 - 1.72	0.76	0.588
Expected forfeiture (attrition) rate (%)	0.00	0.00	0.00	0.00

9. LEASE

The Company has one operating lease primarily for office and administration.

The Company adopted ASC 842 – Leases using the modified retrospective cumulative catch-up approach beginning on April 1, 2019. Under this approach, the Company did not restate its comparative amounts and recognized a right-of-use asset equal to the present value of the future lease payments. The Company elected to apply the practical expedient to only transition contracts which were previously identified as leases and elected to not recognize right-of-use assets and lease obligations for leases of low value assets.

When measuring the lease obligations, the Company discounted lease payments using its incremental borrowing rate. The weighted-average-rate applied is 10%.

	\$
Operating lease right-of-use asset - initial recognition	413,236
Amortization	(413,236)
Balance at June 30, 2021	<u>-</u>
Operating lease obligation - initial recognition	413,236
Repayment and interest accretion	(413,236)
Balance at June 30, 2021	<u>-</u>
Current portion of operating lease obligation	-
Noncurrent portion of operating lease obligation	-

The operating lease expense was \$67,607 for the three months ended June 30, 2021, and was included in the general and administrative expenses.

During June 2021, the Company entered into a short-term lease for the leased premise at monthly base rent of \$19,177. The extended term is not to extend beyond Dec 31, 2021.

10. CONTINGENCIES

There are no unrecognized claims against the company that were assessed as significant, which were outstanding as at June 30, 2021 and, consequently, no additional provision for such has been recognized in the consolidated financial statements during the three and nine months then ended.

11. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to August 16, 2021, the date the condensed consolidated financial statements were issued, pursuant to the requirements of ASC 855 and has determined the following material subsequent events:

On July 2, 2021, the Company issued 100 preferred shares to an existing preferred shareholder for proceeds of \$100,000.

During the period from July 1 to August 16, the Company received conversion notices to convert \$5,268,000 in convertibles notes, together with \$428,000 in accrued interest, into common shares. Pursuant to receipt of these conversion notices, the Company has processed the issuance of 2,273,400 common shares. During this same period, has issued 59,883 common shares to investors in the respective convertible notes who have exercised warrants issued in prior periods. Also during this same period, the Company issued 36,060 common shares to brokers who exercised placement agent warrants received as compensation.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Note Regarding Forward-Looking Statements

Except for historical information contained herein, this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contains forward-looking statements. 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-looking statements are based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Important assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements, include but are not limited to: (a) any fluctuations in sales and operating results; (b) risks associated with international operations; (c) regulatory, competitive and contractual risks; (d) development risks; (e) the ability to achieve strategic initiatives, including but not limited to the ability to achieve sales growth across the business segments through a combination of enhanced sales force, new products, and customer service; (f) competition in the Company’s existing and potential future product lines of business; (g) the Company’s ability to obtain financing on acceptable terms if and when needed; (h) uncertainty as to the Company’s future profitability; (i) uncertainty as to the future profitability of acquired businesses or product lines; and (j) uncertainty as to any future expansion of the Company. Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements and the failure of such assumptions to be realized as well as other factors may also cause actual results to differ materially from those projected. The Company assumes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements, except as may be required under applicable law. Past results are no guaranty of future performance. Any such forward-looking statements speak only as of the dates they are made. When used in this Report, the words “believes,” “anticipates,” “expects,” “estimates,” “plans,” “intends,” “will” and similar expressions are intended to identify forward-looking statements.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and footnotes thereto included in this Quarterly Report on Form 10-Q (the “Financial Statements”).

Company Overview

Biotricity Inc. (“Company”, “Biotricity”, “we”, “us” or “our”)

Biotricity Inc. (the “Company”, “Biotricity”, “we”, “us”, “our”) is a medical technology company focused on biometric data monitoring solutions. Our aim is to deliver innovative, remote monitoring solutions to the medical, healthcare, and consumer markets, with a focus on diagnostic and post-diagnostic solutions for lifestyle and chronic illnesses. We approach the diagnostic side of remote patient monitoring by applying innovation within existing business models where reimbursement is established. We believe this approach reduces the risk associated with traditional medical device development and accelerates the path to revenue. In post-diagnostic markets, we intend to apply medical grade biometrics to enable consumers to self-manage, thereby driving patient compliance and reducing healthcare costs. We intend to first focus on a segment of the diagnostic mobile cardiac telemetry market, otherwise known as MCT, while providing our chosen markets with the capability to also perform other cardiac studies.

We developed our FDA-approved Bioflux® MCT technology, comprised of a monitoring device and software components, which we made available to the market under limited release on April 6, 2018, in order to assess, establish and develop sales processes and market dynamics. The fiscal year ended March 31, 2021 marked the Company's first year of expanded commercialization efforts, focused on sales growth and expansion. We have expanded our sales efforts to 20 states, with intention to expand further and compete in the broader US market using an insourcing business model. Our technology has a large potential total addressable market, which can include hospitals, clinics and physicians' offices, as well as other Independent Diagnostic Testing Facilities ("IDTFs"). We believe our solution's insourcing model, which empowers physicians with state-of-the-art technology and charges technology service fees for its use, has the benefit of a reduced operating overhead for the Company, and enables a more efficient market penetration and distribution strategy. This, when combined with the value the Company's solution in the diagnosis of cardiac arrhythmias, enhancement of patient outcomes, improved patient compliance, and the corresponding reduction of healthcare costs, is driving growth and increasing revenues.

We are a technology company focused on earning utilization-based recurring technology fee revenue. The Company's ability to grow this type of revenue is predicated on the size and quality of its sales force and their ability to penetrate the market and place devices with clinically focused, repeat users of its cardiac study technology. The Company plans to grow its sales force in order to address new markets and achieve sales penetration in the markets currently served. The Company has also developed or is developing several other ancillary technologies, which will require application for further FDA clearances, which the Company anticipates applying for within the next to twelve months. Among these are:

- advanced ECG analysis software that can analyze and synthesize patient ECG monitoring data with the purpose of distilling it down to the important information that requires clinical intervention, while reducing the amount of human intervention necessary in the process;
- the Biotres patch solution, which will be a novel product in the field of Holter monitoring;
- the Bioflux® 2.0, which is the next generation of our award winning Bioflux®

During the three months ended June 30, 2021, the Company announced that it received a 510(k) clearance from the FDA for its Bioflux Software II System, engineered to improve workflows and reduce estimated analysis time from 5 minutes to 30 seconds. ECG monitoring requires significant human oversight to review and interpret incoming patient data to discern actionable events for clinical intervention, highlighting the necessity of driving operational efficiency. This improvement in analysis time reduces operational costs and allows the company to continue to focus on excellent customer service and industry-leading response times to physicians and their at-risk patients. Additionally, these advances mean we can focus our resources on high-level operations and sales to help drive greater revenue.

The COVID-19 pandemic has highlighted the importance of telemedicine and remote patient monitoring technologies. During the three months ended June 30, 2021, the Company has continued to develop a telemedicine platform, with capabilities of real-time streaming of medical devices. Telemedicine offers patients the ability to communicate directly with their health care providers without the need of leaving their home. The introduction of a telemedicine solution is intended to align with the Company's Bioflux product and facilitate remote visits and remote prescriptions for cardiac diagnostics, but it will also serve as a means of establishing referral and other synergies across the network of doctors and patients that use the technologies we are building within the Biotricity ecosystem. The intention is to continue to provide improved care to patients that may otherwise elect not to go to medical facilities and continue to provide economic benefits and costs savings to healthcare service providers and payers that reimburse.

Critical Accounting Policies

The unaudited condensed consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and are expressed in United States Dollars. Significant accounting policies are summarized below:

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant estimates and assumptions include: deferred income tax assets and related valuation allowance, accruals and valuation of derivatives, convertible promissory notes, stock options and warrants, as well as assumptions used by management in its assessment of liquidity. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Earnings (Loss) Per Share

We have adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) Topic 260-10 which provides for calculation of “basic” and “diluted” earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at June 30, 2021.

Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management’s best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash, accounts receivable, deposits and other receivables, convertible promissory notes and short-term loans, accounts payable and accrued liabilities, and derivative liabilities. The Company’s cash and derivative liabilities, which are carried at fair values, are classified as a Level 1 and Level 3, respectively. The Company’s bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

Leases

On April 1, 2019, the Company adopted Accounting Standards Codification Topic 842, “Leases” (“ASC 842”) to replace existing lease accounting guidance. This pronouncement is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet for most leases. Expenses associated with leases will continue to be recognized in a manner similar to previous accounting guidance. The Company adopted ASC 842 utilizing the transition practical expedient added by the Financial Accounting Standards Board (“FASB”), which eliminates the requirement that entities apply the new lease standard to the comparative periods presented in the year of adoption.

The Company is the lessee in a lease contract when the Company obtains the right to use the asset. Operating leases are included in the line items right-of-use asset, lease obligation, current, and lease obligation, long-term in the consolidated balance sheet. Right-of-use (“ROU”) asset represents the Company’s right to use an underlying asset for the lease term and lease obligations represent the Company’s obligations to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the consolidated balance sheet and are expensed on a straight-line basis over the lease term in our consolidated statement of income. The Company determines the lease term by agreement with lessor. As our lease does not provide an implicit interest rate, the Company uses the Company’s incremental borrowing rate based on the information available at commencement date in determining the present value of future payments.

Government loan

For loans received from federal government that contains certain operating conditions and with terms over twelve month time, the Company records those loans as long term liabilities.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments.” This pronouncement, along with subsequent ASUs issued to clarify provisions of ASU 2016-13, changes the impairment model for most financial assets and will require the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. In developing the estimate for lifetime expected credit loss, entities must incorporate historical experience, current conditions, and reasonable and supportable forecasts. This pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. On November 19, 2019, the FASB issued ASU No. 2019-10, Financial Instruments—Credit Losses (Topic 326), finalized various effective date delays for private companies, not-for-profit organizations, and certain smaller reporting companies applying the credit losses (CECL), the revised effective date is January 2023.

In July 2019, the FASB issued ASU 2019-07, Codification Updates to SEC Sections. This ASU amends various SEC paragraphs pursuant to the issuance of SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization. One of the changes in the ASU requires a presentation of changes in stockholders’ equity in the form of a reconciliation, either as a separate financial statement or in the notes to the financial statements, for the current and comparative year-to-date interim periods. The Company presented changes in stockholders’ equity as separate financial statements for the current and comparative year-to-date interim periods beginning on April 1, 2019. The additional elements of the ASU did not have a material impact on the Company’s consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is currently evaluating the impacts of the provisions of ASU 2019-12 on its financial condition, results of operations, and cash flows.

In March 2020, the FASB issued ASU No. 2030-20 Codification Improvements to Financial Instruments, An Amendment of the FASB Accounting Standards Codification: a) in ASU No. 2016-01, b) in Subtopic 820-10, c) for depository and lending institutions clarification in disclosure requirements, d) in Subtopic 470-50, e) in Subtopic 820-10, f) Interaction of Topic 842 and Topic 326, g) Interaction of the guidance in Topic 326 and Subtopic 860-20. The amendments in this Update represent changes to clarify or improve the Codification. The amendments make the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications. For public business entities updates under the following paragraphs: a), b), d) and e) are effective upon issuance of this final update. The effective date for c) is for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company does not expect that the new guidance will significantly impact its consolidated financial statements.

Results of Operations

The fiscal year ended March 31, 2021 marked the trailing 24-month period of full market release of the Bioflux MCT device for commercialization, originally launched in limited market release in April 2018, after receiving its second and final required FDA clearance. To commence commercialization, we ordered device inventory from our FDA-approved manufacturer and hired a small, captive sales force, with deep experience in cardiac technology sales; we expanded on our limited market release, which identified potential anchor clients who could be early adopters of our technology. By increasing our sales force and geographic footprint, we have launched sales in 23 U.S. states by March 31, 2021.

During the three months ended June 30, 2021, the Company earned combined device sales and technology fee income totaling \$1.8 million. This represents a 290% increase from the corresponding quarter of fiscal 2021, an increase of approximately \$1.3 million over the revenue earned in that quarter. This also marks an increase of 49%, sequentially over the immediately preceding quarter ended March 31, 2021, when the Company earned \$1.2 million. These increases in sales indicate continuous improvement in the growth trajectory of the Company’s revenues.

During the three months ended June 30, 2021, Biotricity incurred a net loss of \$5.9 million and a comprehensive loss of approximately \$5.9 million, compared to \$3.4 million and \$3.5 million in the comparative periods of fiscal 2021. This resulted in a net loss per common share of \$0.151 cents per share for the three months ended June 30, 2021 (2020: \$0.092). The Company has devoted, and expects to continue to devote, significant resources in the areas of sales and marketing and research and development costs. We also expect to incur additional operating losses, as we build the infrastructure required to support higher sales volume.

During the three months ended June 30, 2021, the Company experienced a gross margin of 70%. Management expects that the cost of devices sold, as well as cellular and other costs associated with technology fees, will become lower as a percentage of revenues as business sales volumes expand.

Three Months Ended June 30, 2021

Operating Revenues and Expenses

Operating Expenses

Total operating expenses for the three months ended June 30, 2021 were \$4.2 million compared to \$3.6 million, respectively, for the corresponding periods of the prior year, as further described below.

General and administrative expenses

Our general and administrative expenses for the three months ended June 30, 2021 was \$3.7 million, compared to \$3.2 million, respectively, for the corresponding prior year periods. The increase in general and administrative expenses was a result of investment made by the Company in building its professional sales force, offset by more efficient office and administrative spending activities.

Research and development expenses

During the three months ended June 30, 2021 we incurred research and development expenses of \$588,996, compared to \$423,883 in the prior year. The increase in research and development activity is directly related the development of new technologies for our ecosystem and our pursuit of FDA clearance of new products (including the Biotres), as well as the development of continuous product enhancements to our existing products.

Accretion and amortization expense related to convertible notes

During the three months ended June 30, 2021 and 2020, we incurred accretion and amortization expense related to debt financing of \$2.3 million and Nil, respectively.

Change in fair value of derivative liabilities

During the three months ended June 30, 2021 and 2020, the Company recognized a loss of \$298,983, and gain of \$204,142, respectively, related to the change in fair value of derivative liabilities related to preferred shares and convertible notes.

Translation Adjustment

Translation adjustment for the three months ended June 30, 2021 and 2020 was a gain of \$6,560 and a loss of \$105,001, respectively. This translation adjustment represents gains and losses that result from the translation of currency in the financial statements from our functional currency of Canadian dollars to the reporting currency in U.S. dollars over the course of the reporting period.

Liquidity and Capital Resources

The Company is in commercialization mode, while continuing to pursue the development of its next generation MCT product as well as new products that are being developed.

We generally require cash to:

- purchase devices that will be placed in the field for pilot projects and to produce revenue,
- launch sales initiatives,
- fund our operations and working capital requirements,
- develop and execute our product development and market introduction plans,

- fund research and development efforts, and
- pay any expense obligations as they come due.

The Company is in the early stages of commercializing its first product. It is concurrently in development mode, operating a research and development program in order to develop an ecosystem of medical technologies, and, where required or deemed advisable, obtain regulatory approvals for, and commercialize other proposed products. The Company has incurred recurring losses from operations, and as at June 30, 2021, has an accumulated deficit of \$68,715,051 and a working capital deficiency of \$9,545,069. The Company launched its first commercial sales program as part of a limited market release, during the year ended March 31, 2019, using an experienced professional in-house sales team. A full market release ensued during the year ended March 31, 2020. Management anticipates the Company will continue on its revenue growth trajectory and improve its liquidity through continued business development and after additional equity or debt capitalization of the Company. The Company has developed and continues to pursue sources of funding that management believes if successful would be sufficient to support the Company's operating plan, and alleviate any substantial doubt as to its ability to meet its obligations, at least for a period of one year from the date of these consolidated financial statements. During the fiscal year ended March 31, 2021, the Company closed on a number of private placements offering of convertible notes, which have raised cash proceeds of \$11,375,690. During the fiscal quarter ended June 30, 2021, the Company procured an additional \$499,900 through a government EIDL loan, and \$250,000 through short term loans.

As we proceed with the commercialization of the Bioflux product development, we expect to continue to devote significant resources on capital expenditures, as well as research and development costs and operations, marketing and sales expenditures.

We expect to require additional funds to further develop our business plan, including the continuous commercialization and expansion of the Bioflux and other technologies that will form part of its eco-systems. Based on our current operating plans, we will require approximately \$15 million (more in order to accelerate commercialization further and faster) to grow our sales team and order devices that will be placed in the field to produce revenue. A portion of these funds will also go towards the further development of Bioflux and other technologies into their next generations, including marketing, sales, regulatory and clinical costs. We anticipate that we will need to raise additional funds through equity or debt offerings or otherwise in order to meet our expected future liquidity requirements.

Based on the above facts and assumptions, we believe our existing cash and cash equivalents, along with anticipated near-term equity financings, will be sufficient to meet our needs for the next twelve months from the filing date of this report. However, we will need to seek additional debt or equity capital to respond to business opportunities and challenges, including our ongoing operating expenses, protecting our intellectual property, developing or acquiring new lines of business and enhancing our operating infrastructure. The terms of our future financings may be dilutive to, or otherwise adversely affect, holders of our common stock. We may also seek additional funds through arrangements with collaborators or other third parties. There can be no assurance we will be able to raise this additional capital on acceptable terms, or at all. If we are unable to obtain additional funding on a timely basis, we may be required to modify our operating plan and otherwise curtail or slow the pace of development and commercialization of our proposed product lines.

Net Cash Used in Operating Activities

During the three months ended June 31, 2021, we used cash in operating activities of \$2.7 million compared to \$2.4 million for the corresponding period of the prior year. These activities involved expenditures for sales, infrastructure and business development, as well as marketing and operating activities, and continued research and product development.

Net Cash from Financing Activities

Net cash provided by financing activities was \$0.6 million for the three months ended June 30, 2021 compared to \$1.6 million for the three months ended June 30, 2020.

Net Cash Used in Investing Activities

The Company did not use any net cash in investing activities in the three month periods ended June 30, 2021 and 2020.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for a smaller reporting company.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching the Company's desired disclosure control objectives. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Therefore, even a system which is determined to be effective cannot provide absolute assurance that all control issues have been detected or prevented. Our systems of internal controls are designed to provide reasonable assurance with respect to financial statement preparation and presentation.

At the end of the period being reported upon, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that the material information required to be included in our Securities and Exchange Commission reports is accumulated and communicated to our management, including our principal executive and financial officer, as well as recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms relating to the Company.

Changes in Internal Controls

There were no changes in the Company's internal controls over financial reporting that occurred during the three-month period ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors

Not required for smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the period from July 1 to August 16, the Company received conversion notices to convert \$5,268,000 in convertibles notes, together with \$428,000 in accrued interest, into common shares. Pursuant to receipt of these conversion notices, the Company has processed the issuance of 2,273,400 common shares. During this same period, has issued 59,883 common shares to investors in the respective convertible notes who have exercised warrants issued in prior periods. Also during this same period, the Company issued 36,060 common shares to brokers who exercised placement agent warrants received as compensation. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

[31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*](#)

[31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*](#)

[32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**](#)

[32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**](#)

101.1 XBRL Instance.*

101.SCH XBRL Taxonomy Extension Schema.*

101.CAL XBRL Taxonomy Extension Calculation.*

101.DEF XBRL Taxonomy Extension Definition.*

101.LAB XBRL Taxonomy Extension Labels.*

101.PREXBRL Taxonomy Extension Presentation.*

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 16th day of February 2021.

BIOTRICITY INC.

By: /s/ Waqaas Al-Siddiq

Name: Waqaas Al-Siddiq

Title: Chief Executive Officer
(principal executive officer)

By: /s/ John Ayanoglou

Name: John Ayanoglou

Title: Chief Financial Officer
(principal financial and accounting officer)

BIOTRICITY INC.CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Waqaas Al-Siddiq, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Biotricity Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

/s/ Waqaas Al-Siddiq
Waqaas Al-Siddiq
Chief Executive Officer
(principal executive officer)

BIOTRICITY INC.CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, John Ayanoglou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Biotricity Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

/s/ John Ayanoglou

John Ayanoglou
(Principal Financial Officer)

BIOTRICITY INC.

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Biotricity Inc. (the “Company”) for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Waqaas Al-Siddiq, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

/s/ Waqaas Al-Siddiq

Waqaas Al-Siddiq
Chief Executive Officer
(principal executive officer)

BIOTRICITY INC.

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Biotricity Inc. (the “Company”) for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Ayanoglou, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

/s/ John Ayanoglou

John Ayanoglou
(Principal Financial Officer)