The following discussion is management's assessment and analysis ("MD&A") of the results and financial condition of Principal Technologies Inc. (the "Company") and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and related notes for the three months ended April 30, 2024 and 2023. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and follows the same accounting policies and methods of application as the Company's most recent audited annual financial statements. All figures are reported in Canadian dollars unless otherwise indicated.

The effective date of this report is June 27, 2024.

Cautionary Statement on Forward Looking Information

This MD&A contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated when the forward-looking statements were made.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such risks and factors include, but are not limited to the following: the ability of the Company to identify prospective healthcare technologies which satisfy its investment criteria; the ability to invest in healthcare technologies on suitable terms and conditions; changes in technology platforms and delivery systems impacting the Company's products; changes in government and associated agency regulations impacting the health care business; healthcare product development and technical risks; healthcare product pricing and market competition; commercial viability and litigation risks; fluctuations in the equity markets that affect the Company's ability to raise additional capital; changes in government and associated agency regulations that impact the ability of the Company to raise additional capital; and the overall state of equity markets for smaller capitalization companies.

Overview

The Company is domiciled in Canada and was incorporated on April 3, 2018 under the laws of the Province of British Columbia. The address of the Company's registered and records office is 25th Floor, 700 W Georgia St., Vancouver, British Columbia, V7Y 1B3.

On August 4, 2021, the Company completed a qualifying transaction (the "Qualifying Transaction") pursuant to the policies of the TSX Venture Exchange ("TSXV") and commenced trading as a Tier 2 Life Sciences Issuer on the TSXV on August 6, 2021 under the ticker symbol "PTEC". The Company is currently building a diverse portfolio of investments in healthcare technology organizations with a focus on those with global distribution potential which have intellectual property capable of enhancing medical treatment quality, cost efficiency, optimizations of the patient pathway, and implementation of point of care technologies.

As at April 30, 2024, the Company had working capital of $299,342. The Company recorded a comprehensive loss of $1,289,200 during the nine months ended April 30, 2024, and had total shareholders' equity of $600,913 as at April 30, 2024.

There are conditions that cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's capacity to identify additional sources of capital and to raise sufficient resources in order to fund on-going expenditures and the Company's investment plan. Although management has been successful in the past, there is no assurance these initiatives will be successful in the future. In order to fund future operations or acquisitions, the Company intends to raise additional capital by issuing equity.

Highlights and Outlook

On February 6, 2024, the Company entered into an arm's length binding share purchase agreement to acquire 100% of the equity interests of Vivostat A/S ("Vivostat"), a 23 year old Danish company which produces and sells a unique autologous fibrin sealant solution for post surgical use.

The Company will pay approximately €7,500,000 in cash plus 2,500,000 common shares in the capital of the Company to the owners of Vivostat, as adjusted under the share purchase agreement.

Trading of the Company's common shares on the TSXV will remain halted pending receipt and review of acceptable documentation pursuant to Section 5.6 (d) of TSXV Policy 5.3 regarding a Fundamental Acquisition and final approval by the TSXV.

The proposed acquisition of Vivostat by the Company will result in a significant increase in revenues, operations and corporate activities and provide a platform for future growth and profitability.

Business Operations and Investments

VIVOSTAT TRANSACTION

On February 6, 2024, the Company entered into an arm's length binding share purchase agreement to acquire 100% of the equity interests of Vivostat, a 23 year old Danish company which produces and sells a unique autologous fibrin sealant solution for postsurgical use.

The Company will pay approximately €7,500,000 in cash plus 2,500,000 common shares in the capital of the Company to the owners of Vivostat, as adjusted under the share purchase agreement.

On March 8, 2024, the Company entered into a binding commitment with a European fund that will provide a secured loan in the principal amount of €8,000,000 (the "Loan") to provide acquisition financing with respect to the cash portion of the purchase price for Vivostat, and for general working capital purposes.

The terms of the Loan include:

- The secured loan shall be provided to the Company by the Lender on a lump sum basis;
- interest rate of 12.00% per annum on the principal amount outstanding, payable up to and including the date which is six (6) years after the initial advance under the Loan (the "Loan Maturity Date");
- Interest will be payable quarterly and principal amount payable in twenty (20) quarterly installments;
- Principal amount and interest in the first year shall not be paid until the Loan Maturity Date;
- If the loan is approved and the €8,000,000 received by the Company, it will be secured by, among other things, a pledge of all the shares acquired in Vivostat; and
- Payment shall be permitted in full or in part with a 6% prepayment penalty on the prepaid amount. The Loan provides full financing for the Company to close the Vivosat acquisition, and after final adjustments any remaining funds will be utilized by the Company for working capital purposes.

On April 3, 2024, the Company announced a non-brokered financing of up to 4,000,000 units at $0.25 for gross proceeds of up to $1,000,000 (the "Private Placement). Each unit (a "Unit") will consist of one common share (a 'Share") of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share of the Company at $0.30 for a period of two (2) years from the date of closing. Proceeds of the Private Placement will be used for general working capital and corporate purposes. In connection with the Private Placement, pursuant to the policies of the TSXV, the deemed price of the 2.5 million common shares issuable by the Company as partial consideration for the acquisition of Vivostat shall be revised to $0.25 per share.

As at April 30, 2024, the Company had received $250,000 in subscription receipts related to the Private Placement.

Trading of the Company's common shares on the TSXV will remain halted pending receipt and review of acceptable documentation pursuant to Section 5.6 (d) of TSXV Policy 5.3 regarding a Fundamental Acquisition and approval of the transaction by the TSXV.

E&E

On August 4, 2021, the Company acquired an 80% interest in E&E CRO Consulting GmbH ("E&E"). E&E is a global private contract research company based in Vienna, Austria that specializes in tailored project management of international scale clinical studies that are primarily related to medical device technologies.

E&E is a global contract research organization ("CRO") based in Vienna, Austria, that specializes in tailored project management of international scale clinical studies primarily related to medical device technologies. CRO's seek to reduce costs for companies developing new medicines, drugs and medical devices requiring various regulatory approvals. They aim to simplify entry into these various markets, and simplify development of regulated products. E&E provides tailor-made A-Z project management services related to clinical studies, primarily with a focus on medical technologies devices requiring regulatory approval in various international jurisdictions, including the European Union, the United States, Latin America and Oceania. E&E provides services to a diverse array of medical device developers, including established med-tech companies, start-ups, hospitals and medical institutions, as they go through the stages of obtaining regulatory approval for their medical devices.

Vision Surgery AI Inc.

In March 2022, the Company completed an investment of US$200,000 ($234,702) in IFM Independent Fund Management AG – PE Capital V fund, of which the largest holding is Vision Surgery AI Inc., an artificial intelligence technology company (the "Investment"). As at July 31, 2023, the fair value of the fund Investment increased to $266,602 due to foreign exchange rates (July 31, 2022: $263,427).

Vision's technology uses advanced computer vision and AI to monitor surgical teams and operating room equipment in real-time to ensure that each medical procedure is performed correctly, and that all patient vitals are constantly monitored and maintained within the appropriate ranges.

Selected Annual Information

Summary of Quarterly Results

	Q3 2024	Q2 2024	Q1 2024	Q4 2023
	$	$	$	$
Revenue	176,285	174,734	176,305	187,940
Comprehensive loss	(546,218)	(548,771)	(194,071)	(744,066)
Basic and diluted loss per share attributable to the company	(0.02)	(0.02)	(0.01)	(0.03)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	$	$	$	$
Revenue	1,385,812	90,982	84,889	68,788
Comprehensive loss	(108,821)	(106,681)	(179,287)	(432,912)
Basic and diluted loss per share attributable to the company	(0.01)	(0.01)	(0.01)	(0.01)

The quarter ends of the Company are October 31st, January 31st, April 30 st and July 31st of each fiscal year.

As at July 31, 2022, the Company finalized the purchase price allocation pursuant to the E&E acquisition and started reporting the quarterly results of operations of this subsidiary effective Q1 2023.

Comprehensive loss for Q3 2024 decreased slightly over the prior quarter due. The losses for both Q2 and Q3 2023 were offset by higher revenue during the quarters and no share-based compensation expense because there were no option grants during those quarters. The loss for Q4 2023 increased due to $379,112 in advisory and consulting, professional fees and share-based compensation expense, as the Company granted share options.

Overall Performance and Results of Operations

Cash increased by $505,616 during the nine-months ended April 30, 2024. Cash used in operating activities was $1,111,012 and lease payments were $37,322. This was offset by funds received in the amount of $1,499,256 related to a non-brokered private placement.

Three months ended April 30, 2024 and 2023

Comprehensive loss for the three months ended April 30, 2024, was $546,218 (three months ended April 30, 2023: $108,821). The increase in comprehensive loss is largely due to:

- Substantial increases in Advisory and consulting, Professional fees and Salaries and benefits expenses associated with the due diligence processes, accounting and legal fees incurred for the proposed Vivostat acquisition.

The comprehensive loss was partially offset by the following:

- Revenue increased by $59,930. This was due to the Company entering into additional revenue contracts during the current period.

Nine months ended April 30, 2024 and 2023

Comprehensive loss for the nine months ended April 30, 2024, was $1,289,2002 (nine months ended April 30, 2023: $410,717). The increase in comprehensive loss is largely due to:

- Substantial increases in Advisory and consulting Professional fees and Salaries and benefits expenses associated with the due diligence processes, accounting and legal fees incurred for the proposed Vivostat acquisition.
- An increase in Share based compensation expense during the current year reflecting stock options issued during the period.

The comprehensive loss was partially offset by the following:

- Revenue increased by $235,098. This was due to the Company entering into additional revenue contracts during the current period.

Liquidity and Capital Resources

As at April 30, 2024, the Company had a working capital of $299,342 and cash of $628,900 to settle current liabilities of $632,046. The Company recorded a comprehensive loss of $1,289,200 during the nine months ended April 30, 2024 and had total shareholders' equity of $600,913, which includes $59,770 of non-controlling interest, as at April 30, 2024. These conditions cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's capacity to identify additional sources of capital and to raise sufficient resources in order to fund ongoing expenditures and the Company's investment plan. Although management has been successful in the past, there is no assurance these initiatives will be successful in the future.

Outstanding Share Data

As at the date of this report, 32,868,627 common shares are issued and outstanding, 4,290,000 share options are outstanding and exercisable and 3,307,244 warrants are outstanding and exercisable.

On August 4, 2021, the shareholders of the Company approved an annual performance fee payable to a company owned by the CEO of the Company. The annual performance fee would result in the issuance of common shares of the Company if the market price of the shares on the TSXV increased during a calendar year. This annual performance fee was superseded by the adoption of the New Option Plan.

On July 11, 2023, the Company adopted a new 20% fixed share option plan (the "New Option Plan"). The New Option Plan will reserve for issuance 4,575,092 common shares of the Company under similar terms and conditions as the Option Plan. The New Option Plan was approved by shareholders on December 12, 2023.

Related Party Transactions

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration of key management personnel was as follows.

	April 30 2024	April 30 2023
	$	$
Consulting and management fees	290,300	84,108
Director's fees	53,953	39,732
	344,253	123,840

As at April 30, 2024, there is $42,098 (July 31, 2023: $233,586) owing to key management personnel recorded in accounts payable and accrued liabilities.

Risks and Uncertainties

The Company is subject to a number of risk factors due to the nature of the business in which it is engaged, including risk factors relating to E&E's current business. Risk factors relating to the Company include, but are not limited to, the factors set out in the Filing Statement dated July 21, 2021 and the Cautionary Statement on Forward Looking Information.

Critical Accounting Policies and Estimates

The Company has prepared the accompanying financial statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's most recent audited annual financial statements.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Financial Instruments

Financial Risk Management

Cash and the Investment are recorded at fair value through profit and loss. Amounts receivable, deposit, and amounts payable and accrued liabilities are recorded at amortized cost which approximates fair value due to the short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

As at April 30, 2024, the Company did not have any financial assets and liabilities which are measured at fair value, other than cash and the Investment. There were no transfers between Level 1, 2 or 3 during the period.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A's.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures.

Subsequent Events

On June 7, 2024, the Company increased its previously announced non-brokered financing of 4,000,000 units, to 8,000,000 units at $0.25 for gross proceeds of up to $2,000,000. On June 20, 2024, the Company closed the first tranche of the financing for 4,000,000 units and gross proceeds of $1,000,000.

The principal amount of the Loan from the European Fund has increased from €8,000,000 to €9,000,000. The deemed price of the 2.5 million common shares issuable by the Company to the owners of Vivostat shall have a deemed value of $0.25 per common shares. All other terms of the Loan will remain the same. A Finder's Fee, calculated as 1% of the cash portion of the purchase price of Vivostat, will be paid at closing.

Additional Information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.