# Scryb Inc.
**(formerly Relay Medical Corp.)**

## CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 AND 2020

INDEX


| | |
|---|---|
| Notice of No Auditor Report | 2 |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Loss and Comprehensive Loss | 4 |
| Consolidated Statements of Changes in Shareholders' Equity | 5 |
| Consolidated Statements of Cash Flows | 6 |
| Notes to the Consolidated Financial Statements | 7 – 27 |

## Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company on February 28, 2022. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**Scryb Inc. (formerly Relay Medical Corp.)**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(Unaudited - Expressed in Canadian dollars)

| As at | | December 31, 2021 | | September 30, 2021 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash | $ | **2,059,550** | $ | 5,687,089 |
| Other receivables (note 5) | | **3,347,256** | | 2,907,875 |
| Prepaid expenses | | **425,314** | | 486,965 |
| | | **5,832,120** | | 9,081,929 |
| **Non-current assets** | | | | |
| Reclamation bonds (note 12) | | **73,431** | | 73,431 |
| Property, plant and equipment (note 7) | | **45,036** | | 50,875 |
| Right-of-use asset (note 8) | | **275,369** | | 299,652 |
| Investment in associates (note 6) | | **3,105,489** | | 2,362,989 |
| Intangible assets (notes 9 and 10) | | **7,042,380** | | 6,197,161 |
| | $ | **16,373,825** | $ | 18,066,037 |
| **Current Liabilities** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | **832,777** | $ | 643,801 |
| Current portion of lease liability (note 11) | | **67,294** | | 89,725 |
| Current portion of government loan (note 13) | | **60,000** | | 60,000 |
| | | **960,071** | | 793,526 |
| **Non-Current Liabilities** | | | | |
| Lease liability (note 11) | | **248,342** | | 293,205 |
| Government loan (note 13) | | **122,719** | | 122,719 |
| **Total liabilities** | | **1,331,132** | | 1,209,450 |
| **Shareholders' equity** | | | | |
| Capital stock (Note 14) | | **44,425,395** | | 44,913,345 |
| Warrant reserve | | **7,655,043** | | 7,655,043 |
| Contributed surplus | | **14,936,216** | | 14,936,216 |
| Deficit | | **(51,973,961)** | | (50,648,017) |
| **Total equity attributable to shareholders of Relay** | | **15,042,693** | | 16,856,587 |
| | $ | **16,373,825** | $ | 18,066,037 |

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

*"Greg Van Staveren"* — Director

*"Michael Minder"* — Director

The accompanying notes are an integral part of these consolidated financial statements

**Scryb Inc.** **(formerly Relay Medical Corp.)**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
**FOR THE THREE MONTHS ENDED December 31, 2021 AND 2020**
(Unaudited - Expressed in Canadian dollars)

| | Three months ended | |
|---|---|---|
| | **2021** | 2020 |
| **Revenues** | | |
| Sales and royalties revenue | **$ 50,951** | $ - |
| Other Revenue | **13,690** | - |
| | **64,641** | - |
| **Expenses** | | |
| Advertising and promotion | **93,858** | - |
| Amortization expense (note 7 and 9) | **201,082** | 4,000 |
| Consulting and management fees | **501,877** | 453,708 |
| Depreciation | **38,423** | 16,486 |
| Expense recovery related to investment in FRR | **-** | - |
| Insurance expenses | **40,855** | - |
| Interest and accretion | **19,837** | 16,818 |
| Loss (Gain) on investment in associate (note 6) | **(742,500)** | (644) |
| Office, general and administrative | **289,099** | 227,447 |
| Product research and development costs | **120,699** | 290,192 |
| Professional fees | **108,126** | 28,499 |
| Salaries and benefits | **508,134** | 133,253 |
| Share-based compensation (note 14b) | **-** | 768,936 |
| Shareholder communications and marketing | **194,015** | 363,425 |
| Share of Loss of investment in associate (note 6) | **-** | 13,649 |
| Transfer agent and filing fees | **17,081** | 24,277 |
| **Net earnings (loss) and comprehensive income (loss)** | **$ (1,325,944)** | **$ (2,340,046)** |
| **Loss per share** | | |
| Basic and diluted (note 17) | **$ (0.00)** | $ (0.01) |
| Weighted average number of common shares outstanding, basic and diluted | **251,096,337** | 147,184,106 |

**Scryb Inc.** **(formerly Relay Medical Corp.)**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 AND 2020**
(Unaudited - Expressed in Canadian dollars)

| | Capital Stock | | Warrant reserve | Contributed surplus | Equity component of Convertible Debentures | Deficit | Total Equity |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | | | | | |
| **Balance - October 1, 2020** | **146,416,827** | **$ 21,963,267** | **$ 4,592,552** | **$ 7,576,121** | **$ 20,386** | **$ (33,281,095)** | **$ 871,231** |
| Shares issued for cash on exercise of options | 2,250,000 | 512,605 | - | (292,605) | - | - | 220,000 |
| Shares issued on exercise of warrants | 65,086 | 19,042 | - | (6,025) | - | - | 13,017 |
| Share-based compensation | - | - | - | 768,936 | - | - | 768,936 |
| Coversion of debentures | 5,250,000 | 945,000 | - | - | (20,386) | - | 924,614 |
| Warrant Modification | - | - | 113,642 | - | - | (113,642) | - |
| Net loss for the period | - | - | - | - | - | (2,340,045) | (2,340,045) |
| **Balance - December 31, 2020** | **153,981,913** | **$ 23,439,914** | **$ 4,706,194** | **$ 8,046,427** | **$ -** | **$ (35,734,782)** | **$ 457,753** |
| | | | | | | | |
| **Balance - October 1, 2020** | **146,416,827** | **$ 21,963,267** | **$ 4,592,552** | **$ 7,576,121** | **$ 20,386** | **$ (33,281,095)** | **$ 871,231** |
| Units issued for cash, net of issuance costs | 42,862,500 | 4,650,801 | 3,921,697 | - | - | - | 8,572,498 |
| Units issued in relation to Cybeats Acquisition (note 10) | 10,950,819 | 6,680,000 | - | - | - | - | 6,680,000 |
| Shares issued on exercise of options | 10,538,000 | 2,571,750 | - | (583,021) | - | - | 1,988,729 |
| Shares issued on exercise of warrants | 26,230,003 | 8,086,287 | (826,553) | - | - | - | 7,259,734 |
| Share-based compensation | - | - | - | 7,943,116 | - | - | 7,943,116 |
| Conversion of debentures | 5,250,000 | 945,000 | - | - | (20,386) | - | 924,614 |
| Warrant Modification | - | - | 113,642 | - | - | (113,642) | - |
| Share buyback (NCIB) | (1,158,000) | (342,760) | - | - | - | - | (342,760) |
| Expiration of warrants | - | - | (146,295) | - | - | - | (146,295) |
| Shares issued on the setlement of debt | 558,524 | 359,000 | - | - | - | - | 359,000 |
| Net loss for the period | - | - | - | - | - | (17,253,280) | (17,253,280) |
| **Balance September 30, 2021** | **241,278,673** | **$ 44,913,345** | **$ 7,655,043** | **$ 14,936,216** | **$ -** | **$ (50,648,017)** | **$ 16,856,587** |
| | | | | | | | |
| **Balance - October 1, 2021** | **241,278,673** | **44,913,345** | **7,655,043** | **14,936,216** | - | **(50,648,017)** | **16,856,587** |
| Share buyback (NCIB) | (1,133,334) | (487,950) | - | - | - | - | (487,950) |
| Net loss for the period | - | - | - | - | - | (1,325,944) | **(1,325,944)** |
| **Balance - December 31, 2021** | **240,145,339** | **$ 44,425,395** | **$ 7,655,043** | **$ 14,936,216** | **$ -** | **$ (51,973,961)** | **$ 15,042,693** |

The accompanying notes are an integral part of these consolidated financial statements

**Scryb Inc.** **(formerly Relay Medical Corp.)**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 AND 2020**
(Unaudited - Expressed in Canadian dollars)

| | 2021 | 2020 |
|---|---|---|
| **Cash flows from (used in) operating activities** | | |
| Net loss for the period | $ (1,325,945) | $ (2,340,045) |
| **Items not affecting cash from operations:** | | |
| Depreciation | 38,423 | 33,304 |
| Amortization | (201,082) | 4,000 |
| Share of Loss of investment in associate | (600,924) | 13,649 |
| Share-based compensation | - | 768,936 |
| Loss (Gain) on investment in associate | (742,500) | (644) |
| Interest and accretion net | 24,283 | - |
| **Changes in non-cash working capital items:** | | |
| Prepaid expenses | 61,653 | - |
| Amounts receivable | (482,597) | 336,262 |
| Accounts payable and accrued liabilities | 188,977 | 45,384 |
| **Net cash used in operating activities** | (3,039,712) | (1,139,154) |
| **Cash flows used in investing activities** | | |
| Purchase of property, plant and equipment | (32,583) | - |
| **Net cash used in investing activities** | (32,583) | - |
| **Cash flows from (used in) financing activities** | | |
| Government Loans/Grants | - | 103,564 |
| Share buyback (NCIB) | (487,950) | 317,000 |
| Proceeds from warrant exercise | - | 13,017 |
| Proceeds from options exercise | - | 220,000 |
| Net payments on leases | (67,294) | 41,462 |
| **Net cash from financing activities** | (555,244) | 695,043 |
| **Decrease in cash for the period** | (3,627,539) | (444,111) |
| **Cash - beginning of period** | 5,687,089 | 895,413 |
| **Cash - end of period** | $ 2,059,550 | $ 451,302 |

## 1. NATURE OF OPERATIONS

Scryb Inc., formerly Relay Medical Corp., ("the Company") was incorporated in British Columbia and is a technology company that provides its platform to power businesses and technologies with applied intelligence, real-time analytics, and actionable insights headquartered in Toronto, Ontario. On January 31, 2017, the Company filed Articles of Amalgamation under the Business Corporations Act (Ontario), whereby the Company was amalgamated with ChroMedX to form an amalgamated corporation operating under the name of "Relay Medical Corp." On December 8, 2021 the Company filed articles of amendment to change its name to Scryb Inc. All amounts herein reflect the financial effects of the amalgamation. The principal business address of the Company is 65 International Blvd., Suite 202, Toronto, Ontario, M9W 6L9.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements of the Company for the year for the period ended December 31, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 28, 2022.

### Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Cybeats Technologies Inc. (note 6), UX Data Sciences Corp., Osprey Device Networks Corp. and HemoPalm Corp. All significant intercompany balances and transactions have been eliminated on consolidation.

<u>Subsidiaries</u>.

Subsidiaries are entities over which the Company has control. Control is defined as when the Company is exposed or has rights to the variable returns from the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

<u>Non-controlling interests</u>

A non-controlling interest is initially recognized as the proportionate share of the identifiable net assets of the subsidiary on the date of its acquisition and is subsequently adjusted for the noncontrolling interest's share in changes of the acquired subsidiary's earnings and capital. Effects of transactions with non-controlling interests are recorded in equity if there is no change in control.

### Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting polices set out below have been applied consistently to all periods presented in these consolidated financial statements.

### (a) Impairment

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired at a cash generating unit level. If any such indication exists, the recoverable amount of the cash generating unit is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### (b) Intangible assets

The Company records intangible assets at fair value at the date of acquisition. An intangible asset is capitalized when the economic benefit associated with an asset is probable and when the cost can be measured reliably. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Cost consists of expenditures directly attributable to the acquisition of the assets. Intangible assets with finite lives are tested amortized over the related benefit period. Those with indefinite lives are not amortized and are tested for impairment on an annual basis. The Company's intangible assets consist of patents, patent applications, software license and research and development costs that are amortized over their five-year estimated useful life.

### (c) Research and Development costs

Costs associated with the development of the Company's products are capitalized where the following criteria are met:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

All research and development costs incurred by the Company were expensed in the year.

### (d) Share-based Payments

The Company accounts for share-based payment using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

For transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted. For transactions with parties other than employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

### (e) Foreign Currency Translation

The Company's functional and presentation currency is the Canadian dollar. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

### (f) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of financial instruments;

| Asset or Liability | Measurement |
|---|---|
| Cash and funds held in trust | Fair value |
| Other Receivables | Amortized cost |
| Convertible Debentures | Amortized cost |
| Reclamation bonds | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Government loans | Amortized cost |

*Financial assets*

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

(i) Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

(ii) Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

(iii) Fair Value through other comprehensive income

Investments recorded at fair value through other comprehensive income (FVOCI) On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

*Financial liabilities*

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

(i) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

(ii) Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

*Transaction costs*

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

*Subsequent measurement*

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

*Derecognition*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

*Expected credit loss impairment model*

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

*Financial instruments at fair value through profit and loss*

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices): and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Cash is measured at fair value using Level 1 inputs.

As at December 31, 2021 and 2020, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

**(g) Cash**

Cash consists of deposits in banks.

**(h) Revenue Recognition**

Product sales revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized on a time-proportion basis using the effective interest method.

**(i) Funds Held in trust**

Funds held in trust consists of cash on hand, deposits in banks and funds held in trust by the Company's external legal counsel. Funds held in trust are not restricted and can be used for working capital purposes.

**(j) Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Amortization is calculated on a straight-line basis at the following annual rates:

| | |
|---|---|
| Laboratory and technical equipment | 3 years |
| Office, furniture and equipment | 3 years |
| Computer equipment | 2 years |

**(k) Income Taxes**
Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set off within fiscal jurisdictions.

**(l) Basic and Diluted Income (Loss) per Share**
Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be anti-dilutive, diluted income (loss) per share is the same as basic income (loss) per share.

**(m) Comprehensive Income (loss)**
Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss)and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. Income or loss from an investment in associate is included in other comprehensive income (loss). Accumulated other comprehensive income (net of income taxes) is included on the consolidated statements of financial position as a component of common shareholders' equity.

**(n) Investment in Associates**
Investments in associates are accounted for using the equity method based on the Company's ability to exercise significant influence over the operating and financial policies of the investee.

Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the associate's net income or losses after the date of investment, additional contributions made and dividends received. Investments are written down when there has been a significant or prolonged decline in fair value.

**(o) Leases**

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the term of the lease with the discount rate determined by using the incremental borrowing rate on commencement of the lease. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the remaining lease term.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

*Share based payments and warrants*

The fair value of stock options and warrants issued are subject to the limitation of the Black Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

*Useful life of intangible assets*

Management has exercised their judgment in determining the useful life of its patents, patent applications, software license and research and development costs. The estimate is based on the expected period of benefit of the patent and the expected life of the product in the marketplace.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

*Determination of functional currency*
In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company is the

**(Unaudited - Expressed in Canadian dollars)**

Canadian dollar.

*Evaluation of going concern*
The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

*Impairment of intangible assets*
Management has exercised their judgment in determining if the patents are impaired. The judgment is based on the expected future benefit of the intangible assets and intellectual property.

*Income taxes*
Management has exercised their judgment in determining the provision for future income taxes. The judgment is based on the Company's current understanding of the tax law as it relates to the transactions and activities entered into by the Company.

*Acquisition of an asset or business combination*
In accordance with IFRS 3, management has exercised their judgment in determining the acquisition of Cybeats Technologies Inc. was considered an asset acquisition as it did not meet the definition of a business.

## 5. OTHER RECEIVABLES

As at December 31, 2021 and 2020, other receivables were comprised of the following:

| | **December 31 2021** | **December 31 2020** |
|---|---|---|
| HST receivable | 1,070,108 | 168,084 |
| Accounts Receivable | 13,217 | 33,828 |
| Due from Fionet Rapid Reponse Group | 1,798,314 | 47,021 |
| Due from Glow LifeTech Ltd. | 98,739 | (2,526) |
| Other receivables | 366,878 | - |
| | **3,347,256** | **246,407** |

## 6. INVESTMENT IN ASSOCIATE

Fionet Rapid Response Group:

On August 19, 2020, Scryb announced the establishment of a joint venture ("JV") with Fio Corporation ("Fio") to accelerate adoption and delivery of Fio's proven data-and-device platform, Fionet, as a COVID-19 pandemic testing, data collection and reporting solution. The JV will operate under the name "Fionet Rapid Response Group" and be headquartered in Toronto, Canada. Scryb and Fionet Rapid Response Group previously announced the signing of a Memorandum of Understanding May 15, 2020. The Fionet Rapid Response Group will enable mass distributed testing and automated aggregation, triage, and tracking to contain COVID-19, for deployment by public health agencies, retail health providers and private sector companies in Canada, the United States, Europe, Africa, and elsewhere.

**(Unaudited - Expressed in Canadian dollars)**

On December 22, 2020, Fionet Rapid Response Group ("FRR") was incorporated in Ontario. As part of the Joint Venture agreement Scryb was to invest $1,500,000 into FRR through the provision of consulting services with another $500,000 to be given in the form of a repayable loan. With this investment Scryb is entitled to receive a 33% royalty on all FRR revenue related to individual testing and a 20% royalty on all FRR revenue related to FRR platform solutions. In addition to the revenue royalty, Scryb also owns 33% of the FRR while Fio owns the remaining balance. Scryb recognized an investment in associate, as a result of the Company's ability to significantly influence FRR. The investment in associate has been initially valued and recognized at its cost of $1,500,000 less the Company's share of markup on certain consulting services provided of $57,114.

A summary of the Company's investment in FRR is as follows:

| | **December 31, 2021** |
|---|---|
| Initial Investment | 1,442,886 |
| Share of equity loss | (647,397) |
| | 795,489 |

Glow LifeTech Corp. (formerly Glow LifeTech Ltd.):

During the September 30, 2020 fiscal year, Glow LifeTech Ltd. (Glow Ltd.) completed a series of private placements for gross proceeds of $2,411,115 through the issuance of 12,120,000 common shares at a price of $0.20 per share. In connection with these private placements, as of September 30, 2020, Scryb's ownership in Glow Ltd. was further diluted down to 22.2% (September 30, 2019 – 39.1%). As a result, a dilution gain on investment in associate was recognized in the statement of loss and comprehensive loss for the year ended September 30, 2020 totaling $197,410 (September 30, 2019 - $nil).

During the three months ended December 31, 2020, Glow Ltd. completed a private placement for gross proceeds of $285,000 through the issuance of 1,425,000 common shares.

On February 9, 2021, the Company acquired 2,000,000 common shares of Glow Ltd. at a price of $0.30 per share for a total investment of $600,000.

On March 3, 2021, Glow Ltd. completed its previously announced reverse takeover of Ateba Resources Inc. ("Ateba"), an inactive company, pursuant to the terms of a Business Combination Agreement. The reverse takeover transaction was completed by way of a three-cornered amalgamation between Glow Ltd. and Ateba whereby Ateba acquired all of the issued and outstanding shares of Glow Ltd. in exchange for 47,334,379 common shares of Ateba, resulting in Glow Ltd. becoming a wholly-owned subsidiary of the Ateba.

In connection with the reverse takeover transaction, Glow Ltd. completed a non-brokered private placement financing of 17,138,432 units of Glow Ltd. at a price of $0.30 per unit for gross proceeds of $5,141,530. Each unit was comprised of one common share in the capital of Glow Ltd. and one half of one whole common share purchase warrant, with each warrant exercisable at a price of $0.40 per common share for a period of two years from the date of issuance. On February 9, 2021, the Company acquired 2,000,000 units of Glow Ltd. at a price of $0.30 per unit for a total investment of $600,000.

**(Unaudited - Expressed in Canadian dollars)**

Prior to the completion of the reverse takeover transaction Ateba changed its name to Glow LifeTech Corp. ("Glow Corp."). Upon completion of the reverse takeover transaction the common shares of Glow Corp. became listed on the Canadian Stock Exchange under the symbol “GLOW”.

On September 30, 2021 the Company held 8,250,000 commons shares of Glow Corp. or 14.57% of the issued and outstanding common shares.

Prior to March 3, 2021, Scryb valued its investment in Glow Corp. (formerly Glow Ltd.) using the equity method. As a result of the dilution of the Company's holdings of Glow Corp. to 14.57% (September 30, 2020 - 22.2%) and Management’s assessment that its significant influence over the operating and financial policy decisions of Glow Corp. ceased on March 3, 2021, the Company recorded a dilution loss of $21,868 and adopted the fair value method of accounting for its investment in Glow Corp. effective March 3, 2021.

Scryb's investment in Glow Corp. has been valued at $0.28 per common which was the listed price per share at December 31, 2021 share (up from $0.19 at September 30, 2021).

| | **December 31, 2021** | **September 30, 2021** | **September 30, 2020** |
|---|---|---|---|
| Opening balance | 1,567,500 | 764,529 | 1,139,607 |
| Purchase of common shares | - | 600,000 | - |
| Dilution (loss) gain | - | (21,868) | 197,410 |
| Share of equity loss | - | (140,646) | (495,810) |
| Elimination of intercompany transactions | - | - | (76,678) |
| Fair value gain | 742,500 | 365,485 | - |
| | 2,310,000 | 1,567,500 | 764,529 |

(Unaudited - Expressed in Canadian dollars)

## 7. PROPERTY PLANT AND EQUIPMENT

| | Laboratory equipment | Office furniture & equipment | Computer equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| As at October 1, 2019 | 76,647 | 67,996 | 2,879 | 147,522 |
| As at September 30, 2020 | 76,647 | 67,996 | 2,879 | 147,522 |
| Additions | - | 24,479 | 14,789 | 39,268 |
| As at September 30, 2021 | 76,647 | 92,475 | 17,668 | 186,790 |
| Additions | - | 8,300 | - | 8,300 |
| **As at December 31, 2021** | **76,647** | **100,775** | **17,668** | **195,090** |

| | Laboratory equipment | Office furniture & equipment | Computer equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Amortization for the period** | 15,015 | 17,659 | 1,179 | 33,853 |
| As at October 1, 2019 | 15,015 | 17,659 | 1,179 | 33,853 |
| Amortization for the period | 25,549 | 22,665 | 1,440 | 49,654 |
| As at September 30, 2020 | 40,564 | 40,324 | 2,619 | 83,507 |
| Amortization for the period | 7,217 | 37,967 | 7,224 | 52,408 |
| As at September 30, 2021 | 47,781 | 78,291 | 9,843 | 135,915 |
| Amortization for the period | 1,804 | 10,529 | 1,806 | 14,140 |
| **As at December 31, 2021** | **49,585** | **88,820** | **11,649** | **150,055** |

| | Laboratory equipment | Office furniture & equipment | Computer equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Net book value** | | | | |
| As at October 1, 2019 | 61,632 | 50,337 | 1,700 | 113,669 |
| As at September 30, 2020 | 36,083 | 27,672 | 260 | 64,015 |
| As at September 30, 2021 | 28,866 | 14,184 | 7,825 | 50,875 |
| **As at December 31, 2021** | **27,062** | **11,955** | **6,019** | **45,036** |

## 8. RIGHT OF USE ASSET

Right-of-use assets consist of the lease for the Company’s office and laboratory and are amortized over a period of 74 months.

| | 2021 | 2020 |
|---|---|---|
| Opening Balance | 299,652 | 396,785 |
| Depreciation | (24,283) | (24,283) |
| **Ending Balance** | **275,369** | **372,502** |

**(Unaudited - Expressed in Canadian dollars)**

## 9. INTANGIBLES

The following is a summary of patents as at December 31, 2021 and 2020:

| | Software license | Intellectual Property | Total |
|---|---|---|---|
| Balance September 30, 2020 | 60,000 | - | 60,000 |
| Additions | - | 6,836,857 | 6,836,857 |
| Amortization | (16,010) | (683,686) | (699,696) |
| **Balance September 30, 2021** | **43,990** | **6,153,171** | **6,197,161** |
| Additions (note 6) | - | 1,046,301 | 1,046,301 |
| Amortization | (4,003) | (197,079) | (201,082) |
| **Balance December 31, 2021** | **39,988** | **7,002,393** | **7,042,380** |

## 10. ACQUISITIONS

On March 18, 2021, the Company acquired all the issued and outstanding shares of Cybeats Technologies Inc. ("Cybeats") pursuant to the Share Exchange Agreement signed March 2, 2021. The acquired business was purchased for $7,180,000, paid by the issuance of 10,950,819 common shares, valued at $0.61 per share and $500,000 in cash. As Cybeats did not meet the definition of a business per IFRS 3, the acquisition has been accounted for as an asset acquisition, whereby Scryb is considered to issue shares in return for the net assets of Cybeats at their fair value as follows;

| **Net assets acquired** | |
|---|---|
| Receivables and prepaids | 331,862 |
| Property, plant and equipment | 9,985 |
| Accounts payable | 1,296 |
| Intellectual property | 6,836,857 |
| | **7,180,000** |

Intellectual property represents technologies developed by Cybeats.

## 11. LEASE LIABILITY

On September 1, 2017, the Company entered into a 36-month lease agreement to lease office and laboratory facilities. On July 15, 2019, the Company entered into a sub lease agreement to lease this space to a third party for the remainder of the original lease term, ending August 30, 2020.

On November 1, 2018, the Company entered into a 60-month lease agreement to lease an office and laboratory facilities. The lease payments are $5,540 per month from the commencement date of the lease.

(Unaudited - Expressed in Canadian dollars)

| | | Office & laboratory lease | | Office lease | | Total |
|---|---|---|---|---|---|---|
| Balance, September 30, 2019 | $ | 490,181 | $ | 42,767 | $ | 532,948 |
| Interest expense | | 70,767 | | 2,706 | | 73,473 |
| Lease payments | | (88,294) | | (45,473) | | (133,767) |
| Balance, September 30, 2020 | $ | 472,654 | $ | - | $ | 472,654 |
| Interest expense | | 62,282 | | - | | 62,282 |
| Lease payments | | (152,006) | | - | | (152,006) |
| **Balance, September 30, 2021** | **$** | **382,930** | **$** | **-** | **$** | **382,930** |
| Interest expense | | 15,571 | | - | | 15,571 |
| Lease payments | | (36,238) | | - | | (36,238) |
| **Balance, December 31, 2021** | **$** | **362,263** | **$** | **-** | **$** | **362,263** |

The Company has recorded these leases as right-of-use assets (note 9) and lease liability in the statement of financial position as at December 31, 2021. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 15%, which was the Company's incremental borrowing rate.

| Maturity Analysis – Contractual Undiscounted Cash Flows As at December 31 | | 2021 | | 2020 |
|---|---|---|---|---|
| Less than one year | $ | 67,294 | $ | 143,228 |
| Greater than one year | | 327,721 | | 439,138 |
| Total undiscounted lease obligation | **$** | **395,015** | **$** | **582,366** |

The continuity of the undiscounted lease liability is presented in the table below:

| | | Under 1 year | | Between 1-2 years | | Between 2-3 years | | Over 3 years | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Office Lease | $ | 67,294 | $ | 158,459 | $ | 155,082 | $ | 14,180 | $ | 395,015 |

## 12. RECLAMATION BONDS

The Company holds reclamation bonds with the Alberta Energy Regulator as required by section 1.100(2) of the Oil and Gas Conservation Regulations and Directive 006: License Liability Rating Program and License Transfer Process. The reclamation bonds are held for the purposes of the future well abandonment, related to the business of the Company prior to the reverse takeover transaction. The Company has performed all requested remediation work at the site and is currently engaged with the regulator for the return of these funds to the Company.

## 13. GOVERNMENT LOANS

Canadian Emergency Business Account ("CEBA") Loan:

The Company applied for a received a CEBA loan for amounts totaling $60,000. The CEBA loan was implemented by the Government of Canada to provide relief measures to small businesses adversely effected by COVID-19. Under the terms of the CEBA loan, proceeds received are interest free up until December 31, 2022. If a minimum of 66.7% of the principal balance is repaid on or prior to, December 31, 2022, the remaining 33.3% shall be forgiven. On January 12, 2022, the Government of Canada announced that the repayment deadline of December 31, 2022 for CEBA loans to qualify for the 33.3% forgiveness is being extended to December 31, 2023, for all eligible borrowers in good standing.

**(Unaudited - Expressed in Canadian dollars)**

The Company has identified that they do not qualify for the CEBA loan and as a result, the Company has not recognized any grant revenue or interest benefit in the statement of loss and comprehensive loss in connection with this loan.

Regional Relief and Recovery Fund ("RRRF") Loan:

On November 27, 2020 the Company applied for and received a RRRF loan for amounts totaling $103,563 (September 30, 2020 - $168,000). The RRRF loan was implemented by the Government of Canada to provide financial relief measures to small businesses in Southern Ontario adversely effected by COVID-19. Under the terms of the RRRF loan, proceeds received are interest free and repayable in sixty (60) equal monthly payments, commencing on January 15, 2020.

In connection with the interest free term on the loan, the interest benefit has been valued at $49,906 (September 30, 2021 - $52,609) based on a fair market interest rate of 16.5% (September 30, 2021 - 16.5%). As of December 30, 2021, the Company has incurred the maximum amount of eligible expenses resulting in amounts totaling $49,906 (September 30, 2021 - $52,609) recognized as government grant revenue in the statement of loss and comprehensive loss.

The continuity of the government loans as at December 31, 2021 is presented in the table below:

| **December 31, 2021** | | |
|---|---|---|
| Proceeds from government loans | $ | 103,563 |
| Interest benefit | | (53,658) |
| **Fair value of government loans** | | **49,906** |
| | | |
| **Balance - October 1, 2021** | | 182,719 |
| Proceeds from government loans | | - |
| Accretion | | 2,704 |
| **Balance, December 31, 2021** | | **185,423** |
| | | |
| Current | | 60,000 |
| Non-Current | | 125,423 |
| **Balance, December 31, 2021** | | **185,423** |

**(Unaudited - Expressed in Canadian dollars)**

## 14. CAPITAL STOCK

### (a) Common shares

#### Authorized

The authorized capital stock of the Company consists of an unlimited number of common shares.

| Issued and Outstanding | Number |
|---|---|
| **Balance - September 30, 2020** | **146,416,827** |
| Shares issued on financing | 42,862,500 |
| Shares issued on convertible debentures | 5,250,000 |
| Shares issued on the exercise of stock options | 10,538,000 |
| Shares issued on the exercise of warrants | 26,230,003 |
| Shares issued on the Cybeats | 10,950,819 |
| Shares issued on the settlement of debt | 588,524 |
| Shares repurchased under NCIB | (1,558,000) |
| **Balance - September 30, 2021** | **241,278,673** |
| Shares repurchased under NCIB | (1,133,334) |
| **Balance - December 31, 2021** | **240,145,339** |

i. On January 22, 2021, the Company closed a non-brokered private placement financing for gross proceeds of $8,572,500 through the issuance of 42,862,500 Units (each “Unit”) at a price of $0.20 per unit. Each Unit is comprised of: (i) one common share in the capital of the Company (each a “Common Share”); (ii) one Common Share purchase warrant (each, a “Warrant”). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.30 on or before 18 months from the date of issuance.

ii. On December 22, 2020, 5,250,000 common shares were issued in connection with the converting of the convertible debenture of $945,000 for the price of $0.18 per share.

iii. During the year-ended September 30, 2021 10,538,000 common shares were issued in connection with the exercise of 10,538,000 stock options at an exercise price of $0.24 for gross proceeds of $2,571,750.

iv. During the year-ended September 30, 2021, 26,203,003 common shares were issued in connection with the exercise of 26,230,003 warrants at an exercise price of $0.29 for gross proceeds of $8,086,287.

v. On March 18, 2021, the Company acquired all the issued and outstanding shares of Cybeats Technologies Inc. pursuant to the Share Exchange Agreement signed March 2, 2021. The acquired business was purchased for $7,180,000, paid by the issuance of 10,950,819 common shares, valued at $0.61 per share and $500,000 in cash.

vi. On April 8, 2021, 588,524 common shares were issued in connection with the settlement of debt, issued at a price of $0.61 to settle amounts owing of $359,000.

vii. The Company purchased 1,588,000 common shares under the Normal-Course Issuer Bid (“NCIB”) stock buyback program used by companies listed in Canada for total costs of $342,760. These shares have been returned to treasury and cancelled.

**(Unaudited - Expressed in Canadian dollars)**

**(b) Stock option plan and share-based compensation**

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant.

The following table summarizes activity within the Company's stock option plan during the period:

| | Number of Options Outstanding | | Black-Scholes Value | | Weighted Average Exercise Price |
|---|---|---|---|---|---|
| **Balance - September 30, 2020** | 25,641,500 | $ | 4,370,566 | $ | 0.22 |
| Granted | 24,100,000 | | 7,943,116 | | 0.33 |
| Exercised | (10,538,000) | | (583,021) | | 0.24 |
| Corrections | (352,000) | | (17,571) | | 0.05 |
| **Balance - September 30, 2021** | **38,851,500** | **$** | **11,713,090** | **$** | **0.29** |
| Expired and cancelled | (500,000) | | (74,767) | | 0.15 |
| **Balance - December 31, 2021** | **38,351,500** | **$** | **11,638,323** | **$** | **0.30** |

On December 18, 2020, the Company announced that it has granted an aggregate of 4,600,000 options to purchase common shares of the Company with an estimated fair value of $968,625 exercisable at a price of $0.225 per common share, vesting immediately and expiring on December 18, 2025, to certain directors, employees, officers, and consultants of the Company.

On January 8, 2021, the Company announced that it has granted an aggregate of 1,000,000 options to purchase common shares of the Company with an estimated fair value of $285,001 exercisable at a price of $0.305 per common share, vesting immediately and expiring on January 8, 2026, to certain directors, employees, officers and consultants of the Company.

On January 22, 2021, the Company announced that it has granted an aggregate of 3,000,000 options to purchase common shares of the Company with an estimated fair value of $939,430 exercisable at a price of $0.335 per common share, vesting immediately and expiring on January 22, 2026, to certain directors, employees, officers and consultants of the Company.

On March 3, 2021, the Company announced that it has granted an aggregate of 4,000,000 options to purchase common shares of the Company with an estimated fair value of $2,921,548 exercisable at a price of $0.74 per common share, vesting immediately and expiring on March 3, 2026, to certain directors, employees, officers and consultants of the Company.

On April 26, 2021, the Company granted an aggregate of 1,500,000 options to purchase common shares of the Company with an estimated fair value of $580,237 exercisable at a price of $0.50 per common share, vesting immediately and expiring on April 26, 2026 to certain directors, employees, officers and consultants of the Company.

**(Unaudited - Expressed in Canadian dollars)**

On July 22, 2021, the Company granted an aggregate of 6,000,000 options to purchase common shares of the Company with an estimated fair value of $1,346,487 exercisable at a price of $0.22 per common share, vesting immediately and expiring on July 22, 2026 to certain directors, employees, officers and consultants of the Company.

On August 4, 2021, the Company granted an aggregate of 2,500,000 options to purchase common shares of the Company with an estimated fair value of $580,237 exercisable at a price of $0.50 per common share, vesting immediately and expiring on April 26, 2026 to certain directors, employees, officers and consultants of the Company.

On September 8, 2021, the Company granted an aggregate of 500,000 options to purchase common shares of the Company with an estimated fair value of $115,576 exercisable at a price of $0.235 per common share, vesting immediately and expiring on September 8, 2026 to certain directors, employees, officers and consultants of the Company.

On September 17, 2021, the Company granted an aggregate of 500,000 options to purchase common shares of the Company with an estimated fair value of $72,738 exercisable at a price of $0.245 per common share, vesting immediately and expiring on September 17, 2026 to certain directors, employees, officers and consultants of the Company.

On September 21, 2021, the Company granted an aggregate of 500,000 options to purchase common shares of the Company with an estimated fair value of $133,237 exercisable at a price of $0.27 per common share, vesting immediately and expiring on September 21, 2026 to certain directors, employees, officers and consultants of the Company.

The following common share purchase options are outstanding as at December 31, 2021:

| Date of Grant | Number Of Options Outstanding | | Exercise Price | Weighted Average Remaining life (years) | Expiry Date | Number Of Options Exercisable |
|---|---|---|---|---|---|---|
| June 19, 2017 | 740,000 | | 0.300 | 0.47 | June 19, 2022 | 740,000 |
| November 20, 2017 | 1,612,000 | | 0.270 | 0.89 | November 20, 2022 | 1,612,000 |
| June 20, 2018 | 1,094,500 | | 0.270 | 1.47 | June 20, 2023 | 1,094,500 |
| September 12, 2019 | 2,625,000 | | 0.200 | 2.70 | September 12, 2024 | 2,625,000 |
| February 18, 2020 | 5,680,000 | | 0.200 | 3.13 | February 18, 2025 | 5,680,000 |
| August 18, 2020 | 3,700,000 | | 0.205 | 3.63 | August 18, 2025 | 3,700,000 |
| August 26, 2020 | 750,000 | | 0.230 | 3.65 | August 26, 2025 | 750,000 |
| December 18, 2020 | 2,900,000 | | 0.225 | 3.96 | December 18, 2025 | 2,900,000 |
| January 8, 2021 | 1,000,000 | | 0.305 | 4.02 | January 8, 2026 | 1,000,000 |
| January 22, 2021 | 2,750,000 | | 0.335 | 4.06 | January 22, 2026 | 2,750,000 |
| March 3, 2021 | 4,000,000 | | 0.740 | 4.17 | March 3, 2026 | 4,000,000 |
| April 26, 2021 | 1,500,000 | | 0.390 | 4.32 | April 26, 2026 | 1,500,000 |
| July 22, 2021 | 6,000,000 | | 0.250 | 4.56 | July 22, 2026 | 6,000,000 |
| August 4, 2021 | 2,500,000 | | 0.250 | 4.59 | August 4, 2026 | 2,500,000 |
| September 8, 2021 | 500,000 | | 0.250 | 4.69 | September 8, 2026 | 500,000 |
| September 17, 2021 | 500,000 | | 0.250 | 4.71 | September 17, 2026 | 500,000 |
| September 21, 2021 | 500,000 | | 0.270 | 4.72 | September 21, 2026 | 500,000 |
| | **38,351,500** | **$** | **0.299** | **3.65** | | **38,351,500** |

**(Unaudited - Expressed in Canadian dollars)**

Share based compensation during the three months ended December 31, 2021 was NIL (December 31, 2020 - $768,936).

The fair value of options granted during the period ended June 30, 2021 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions.

| | **April 26 2021** | **March 3 2021** | **January 22 2021** | **January 8 2021** |
|---|---|---|---|---|
| Share price | 0.39 | 0.74 | 0.335 | 0.305 |
| Risk-free interest rate | 0.49% | 0.70% | 0.44% | 0.44% |
| Expected life of options | 5 years | 5 years | 5 years | 5 years |
| Annualized volatility | 102% | 105% | 102% | 102% |
| Dividend rate | Nil | Nil | Nil | Nil |
| Forfeiture rate | 0% | 0% | 0% | 0% |

**(c) Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the period ended December 31, 2021:

| | **Number of Warrants Outstanding** | | **Black-Scholes Value** | | **Weighted Average Exercise Price** |
|---|---|---|---|---|---|
| **Balance - September 30, 2020** | **37,483,711** | **$** | **2,503,773** | **$** | **0.25** |
| Granted | 46,094,824 | | 3,921,697 | | 0.29 |
| Exercised | (26,230,003) | | (826,553) | | 0.29 |
| Expired | (1,124,723) | | (146,295) | | 0.30 |
| **Balance - September 30, 2021** | **56,223,809** | **$** | **5,452,622** | **$** | **0.29** |
| Expired | (1,421,200) | | (403,513) | | 0.20 |
| **Balance - December 31, 2021** | **54,802,609** | **$** | **5,049,109** | **$** | **0.25** |

The fair value of warrants granted during the period ended December 31, 2021 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumption:

| | **Investor and Broker Warrants February 2021** |
|---|---|
| Share price | 0.3 |
| Risk-free interest rate | 0.15% |
| Time to maturity | 1.5 years |
| Annualized volatility | 71% |
| Dividend yield | Nil |

(Unaudited - Expressed in Canadian dollars)

The fair value of warrants granted during the period ended December 31, 2020 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

| | Investor and Broker Warrants | |
|---|---|---|
| | **May 2020** | **September 2020** |
| Share price | 0.235 | 0.255 |
| Risk-free interest rate | 0.28% | 0.26% |
| Time to maturity | 2 years | 2 years |
| Annualized volatility | 80% | 73% |
| Dividend yield | Nil | Nil |

As at December 31, 2021, there were 54,802,609 (December 31, 2020 - 37,390,511) warrants outstanding.

## 15. RELATED PARTY TRANSACTIONS

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, Corporate Officers and Vice Presidents.

During the three months ended December 31, 2021, $186,728 (December 31, 2020 - $84,883) was due to key management and companies controlled by or related to key management. Remuneration of key management of the Company was as follows:

| | December 30, 2021 | December 30, 2020 |
|---|---|---|
| Share based compensation | **-** | - |
| Consulting and management fees | **186,728** | 84,883 |
| | **$ 186,728** | $ 84,883 |

At December 31, 2021, the following intercompany balances were outstanding:

| | December 31 2021 | December 31 2020 |
|---|---|---|
| Due from Glow LifeTech Corp | 98,739 | 98,739 |
| Demand Loan receivable (note 6) | 536,646 | 65,100 |
| Advances to Fionet Rapid Response Group (note 6) | 1,261,668 | - |
| | **1,897,053** | **163,839** |

The demand loan receivable is due from Fionet Rapid Response Group and the demand loan bears interest at the annual rate of 8% with no fixed terms of repayment.

## 16. FINANCIAL RISK FACTORS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks, credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments primarily consist of cash, other receivables, reclamation bonds, accounts payable and accrued liabilities, government loans. The fair value of the Company's other receivables, accounts payable and accrued liabilities, and government loans approximate their carrying value, due to their short-term maturities or ability of prompt liquidation.

The Company's cash is recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets of liabilities. The Company's other receivables, reclamation bonds, accounts payable and accrued liabilities, government loans are measured at amortized cost.

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

### Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

a) Interest Rate Risk

The Company has cash balances and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company monitors the credit worthiness of the debtor and is satisfied with the debtor's ability to repay the amount owing.

b) Foreign currency risk

As at December 31, 2021, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

### Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at December 31, 2021, the Company held cash of $2,059,550 (September 30, 2021 - $5,687,089) to settle current liabilities of $960,071 (September 30, 2021 - $ 793,526).

### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company has reduced its credit risk by investing its cash with Canadian chartered banks.

## 17. CAPITAL MANAGEMENT

Due to the development stage of the Company and its reliance on equity funding at this time, Scryb defines capital as its common stock. As at December 31, 2021, the Company's capital stock was $44,425,395 (September 30, 2021 - $44,913,345).

There were no changes in the Company's approach to capital management during the period ended December 31, 2021 and the Company is not subject to any externally imposed capital requirements. Management has no expectations that it will raise debt in the coming year.

The Company's objectives when managing capital are:

a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;

b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and

c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

## 18. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the three months ended December 31, 2021 and 2020, this would be anti-dilutive.