



**SCRYB INC. (formerly Relay Medical Corp.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2022  
(Expressed in Canadian Dollars)**

**Dated August 29, 2022**



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## **Management's Discussion and Analysis of Operations For the three and nine months ended June 30, 2022**

*This Management's Discussion and Analysis ("MD&A") is prepared as of June 30, 2022 and has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars.*

*Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's directors follow recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.*

### **Caution Regarding Forward Looking Statements**

*This document contains forward-looking statements, such as statements regarding future sales opportunities in various global regions and financing initiatives that are based on current expectations of management. These statements involve uncertainties and risks, including the Company's ability to obtain and/or access additional financing with acceptable terms, and delays in anticipated product sales. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.*

*The preparation of the MD&A may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Significant Accounting Policies section of its consolidated financial statements, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.*



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## Introduction

The following MD&A for the three and nine months ended June 30, 2022, has been prepared to help investors understand the financial performance of Scryb Inc. (Formerly Relay Medical Corp.) (“the Company” or “Scryb”), in the broader context of the Company’s strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company’s performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

All amounts are expressed in Canadian dollars (CAD) unless otherwise noted.

Additional information about Scryb Inc. (Formerly Relay Medical Corp.), this document, and the related quarterly financial statements can be viewed on the Company’s website at [www.scryb.ca](http://www.scryb.ca) and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company’s Common Shares are listed and traded on the CSE (“CSE”), the Frankfurt exchange and the OTCQB under the symbols SCYB, EIY and SCRF respectively.

## Corporate Overview

Scryb’s core assets are summarized as follow:

- Cybeats is an innovative cybersecurity company in IoT and supply chain cybersecurity, in Q1 2022 Scryb signed an Amalgamation Agreement with Pima Zinc Corp. to list Cybeats Technologies Inc. via a reverse takeover transaction
- Fionet Rapid Response (“FRR”) is a joint venture arrangement between Scryb and Fio Corp. that specializes in decentralized testing IT solutions
- Glow Lifetech Corp. is a biotechnology company that specializes in producing nutraceutical and cannabinoid-based products. Scryb helped take public In March 2021 via a reverse takeover transaction with Scryb still owning a minority investment

In addition to Scryb’s core assets listed above, Scryb’s corporate and development teams are in active discovery and conceptualization of additional applications of Scryb’s core competencies in sensor technology, IoT, predictive analytics, and computer vision.

## Results of Operations

### Overview

During the quarter ended June 30, 2022, the Company expanded the commercial capabilities of the Cybeats platform. The Company has also expanded its sales and development capabilities by hiring new sales leadership and expanding channel partners.



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### **Cybeats Technologies Inc.**

On March 18, 2021, the Company closed the acquisition of Cybeats Technologies Inc. (“Cybeats”). At the time of acquisition, Cybeats was an innovative On-Device security platform that addresses a growing market of IoT devices. The IDC report predicts there to be over 55 billion connected devices by 2025. The global IoT market is growing in an unprecedented way which has left a crucial delta in the cybersecurity of over 20 billion devices worldwide.

Cybeats On-Device platform is a solution for IoT devices manufacturers whereby a microagent (small piece of software) is installed on each IoT device that continuously monitors for anomalies, and that may potentially indicate a cybersecurity breach. Cybeats' On-Device platform solution not only provides insights to security teams about real and immediate threats, but it can also eliminate malicious code within seconds. Cybeats competitive advantage is the unique microagent protection it provides to devices without affecting their normal operation and enables the visibility from within the device. It continuously monitors for vulnerabilities and maintains the software responsible for the device communications and operations to detect and block threats. Cybeats allows manufacturers of IoT devices to integrate their equipment with high-end security in a cost-efficient manner. Scryb's used its existing capabilities in Artificial Intelligence (AI) to enhance the technical functionality of the On-Device solution.

In addition to the existing On-Device security platform, Cybeats used its and Scryb's existing infrastructure and vulnerability data capabilities along with an expenditure of significant resources to develop, and later commercially launch, 'SBOM Studio'. Scryb used its valued added platform and assets in AI to support additional product development, to help implement smart and predictive cybersecurity in SBOM Studio. SBOM Studio is an enterprise software management tool which offers software supply chain cybersecurity solutions to enterprises, governments, small-medium sized businesses, and any persons developing or consuming software with security in mind. Adding this product suite to its portfolio increases the offering scope and addressable market segments of cybersecurity. In so doing, SBOM Studio has increased the value of Cybeats greatly during the fiscal period. Few competitors offer both On-Device security products and supply chain security products. The naming of SBOM Studio comes from SBOM (Software Bill of Materials) which is a term in the software supply chain industry. SBOM provides an inventory list of all the various component software that a product is using which is similar to a nutritional facts or ingredient labels found on everyday products. Many software products are built from existing open-source software components with over 90% being built from these open-source repositories. This represents a major risk to developers as they do not know the security of their software as they do not have visibility over all of the code. SBOM is used to assess software security risk by knowing the makeup of the software itself. SBOM Studio is poised to capitalize on this relatively new industry and market need.

Numerous private and public institutions have come under attack within the last year causing governments to prioritize security standards for internet-connected devices and software supply chain. Most recently security cameras installed in multiple government and corporate sensitive locations were hacked allowing the attacker access to the footage to the extent of embedding malicious software to operate on the cameras which emphasizes that even advanced firms need to prioritize security. In May 2021, United States President Joe Biden outlined a policy making cybersecurity a top priority and essential that the Federal Government lead by example for all Federal Information Systems to exceed the standards and requirements set forth by the order.



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The order's primary mandate is to enhance the integrity of software supply chains by requiring a Software Bill of Materials (SBOM); a solution that is already at the core of Cybeats' SBOM Studio. Since the Executive Order government agencies around the world have begun adopting the SBOM standard to mitigate the software supply chain risks such as the FDA (Food & Drug Administration) Federal Mandate<sup>1</sup> with other Western governments looking to follow the United States lead.

Recently a widespread Logging for Java (Log4j) vulnerability was discovered that allows unauthorized remote access that is used in thousands of applications with affected entities including Amazon and Microsoft. This vulnerability has brought public, private and government attention to the software supply chain which Cybeats SBOM Studio manages.

Since acquisition Cybeats has made significant progress in both the corporate development and the commercial capabilities. Cybeats has added five new strategic advisors;

- Chris Blask (Inventor of the first commercial Firewall and Digital Software Bill of Materials)
- Chuck Brooks (Inventor of the first commercial Firewall and Digital Software Bill of Materials)
- Setu Kulkarni (former WhiteHat security corporate strategist)
- Duncan Sparrell (former Chief Security Architect of AT&T)
- Nicolas Chaillan (former U.S. Air Force and Space Force Chief Software Officer (CSO))

Cybeats has also expanded the sales and marketing team to address the growing market interest by adding Bob Lyle, a sales leader with over 25 years of software sales and cybersecurity experience, as Chief Revenue Officer (CRO). During the third quarter of fiscal year 2022, the team has grown to include a VP of Marketing, 4 additional sales team members and a VP of Sales Engineering. These additional team members will focus on expanding the commercial capabilities of Cybeats.

Cybeats deploys the following framework for the commercial engagement pipeline and related opportunities:

(i) Trial Deployments at no cost:

Currently Cybeats has multiple trial deployments in a variety of industries that include:

- Multinational manufacturing firm
- Tech Company in software and services
- Global Technology Leader in 'Smart Buildings' and building security equipment
- Institutional fintech company
- Multinational infrastructure firm in energy management and industrial automation
- International safety certification and compliance company

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<sup>1</sup> <https://www.fda.gov/regulatory-information/search-fda-guidance-documents/cybersecurity-medical-devices-quality-system-considerations-and-content-premarket-submissions>



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(ii) Paid Software Evaluation Periods:

Cybeats is currently in various stages of discussion with potential customers in multiple industries to have a paid software evaluation period.

(iii) Commercial Licenses to Enterprise Product Suites:

Cybeats is now moving customers towards enterprise licenses. (iv) Partnership Programs:

Cybeats recently announced that it would be partnering with a large American cybersecurity company as part of its technology partnership alliance program. Cybeats has also joined Next Generation Manufacturing Canada (Ngen) to further its relationship development with Canada's leading manufacturing companies.

(v) Resellers:

Cybeats is pursuing partnerships and resellers that are trained and equipped to market and sell its products and services, or that have typically been focused on serving a single country where Cybeats does not have a direct sales force. In some instances, resellers will collaborate with the direct sales team on larger scale strategic opportunities in a joint selling model. In all instances that resellers are used to actively market and sell our products and services, Cybeats remains responsible for the delivery of our products to the customer and oversee establishing pricing. We recognize products and services sold through resellers will be sold at wholesale prices and will be recognized in revenue in a similar manner to those sold by Cybeats direct sales channel. Recently Cybeats announced a reseller agreement with a leading cybersecurity firm and advisor to the Government of Canada departments on SBOM with a focus to resell Cybeats SBOM Studio.

In addition, to expanding commercial capabilities the Company has also engaged Bluetext, a leading digital marketing agency based out of Washington D.C., to increase the marketing capabilities of Cybeats. With an innovative product, and key strategic advisors and an engagement with a leading marketing firm, and a growing sales capacity, Cybeats is well positioned to capture a growing market of IoT cybersecurity and software supply chain cybersecurity.

To support the acceleration growth, Scryb has signed a non-binding Letter of Intent to list Cybeats Technologies Inc. via an RTO transaction with a further Amalgamation Agreement between Cybeats Technologies Inc. and Pima Zinc Corp. signed on August 11, 2022, that describes the proposed transaction. This will allow Cybeats to access the public markets for the capital it will need to grow its business without resulting in further dilution in the number of shares outstanding in Scryb. Scryb intends to maintain a significant equity position of the newly established public company.



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## **Fionet Rapid Response Group ('FRR')**

In late 2020, Scryb and Fio Corporation entered into a joint venture agreement, with a third party (Fio Corp), through a private company called Fionet Rapid Response Group ('FRR'). The joint venture is structured to maintain joint decision making between Scryb and Fio Corp. FRR is a private company that controls the Fionet Platform, which is an end-to-end, rapid testing and tracking technology solution for community-based or decentralized settings. Combining a fast, handheld point-of-need device connected in real time to cloud data services, the Fionet Platform handles scheduling and registration via phone app at home, on-site check-in, rapid, on-the-spot antigen testing, data integration with other testing devices, result notification, public health notification as appropriate, and anonymized data and stats for dashboards for authorized stakeholders. The Joint Venture is structured with the following ownership and royalties to Scryb:

- Scryb owns 33% of the Joint Venture
- Scryb receives a 33% commission on all revenues from testing revenue
- Scryb receives a 20% commission on all revenues from device revenue
- Scryb receives a 10% commission on all revenues from data revenue

### *Product Offering*

Prior to the commencement of the JV the technology was deployed on more than one million cases in over a dozen countries for managing community-based RDT testing, triage, and tracking outbreaks of high-consequence infectious diseases, such as malaria, HIV, dengue, and Ebola, and has been further validated by several dozen publications in scientific journals.

Drawing on resources from both Scryb and Fio, the JV has deployed the Fionet platform in pandemic testing management settings using approved third-party rapid diagnostic tests (RDT), as well as for molecular tests (such as PCR). Scryb has extended the technical capabilities of the FRR product offering by leveraging its expertise and complimentary expertise in machine vision, AI and cloud processing, which originated from Scryb's portfolio of technology assets including HemoPalm Corp. and Pharmatrac technologies. Several Rapid diagnostic tests (RDTs) have been approved to detect active infections by targeting antigens of various viruses to detect past infections and immune response by targeting specific antibodies. When combined with the technology-based quality control and automated interpretation, RDT tests can provide fast and accurate results that are seamlessly transmitted to the cloud and distributed to public health and other stakeholders responsible for managing a given infectious outbreak or pandemic. Given the importance of the health data, FRR provides tools which can help assure diagnostic accuracy and collate results which are needed to facilitate safe and effective mass testing of the population for disease presence and exposure.



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### *Fionet Platform*

Fionet platform is a mobile IT platform and infrastructure that:

- Manages multiple current and future pandemic use cases right now
- Manages any decentralized disease-and-wellness testing
- Automated aggregator of frontline healthcare data
- Proven with multiple diseases, geographies, databases, test types, client types
- Strong m-LIS (mobile lab information system) contender, with potential for standardization

### *Beyond COVID-19 Testing*

COVID-19 has highlighted the need for decentralized testing technology solutions. From airports to high volume settings, to local and at home testing need FRR is positioned to service decentralized testing demand. FRR is exploring commercial activities in the at home testing space. Some of these at home tests could include conjunctivitis (pink eye) tests, sexually transmitted infection tests and other viral tests.

### *Ongoing commercial activities*

- An engagement with USAID, one of the largest aid organizations in the world, to test Malaria in the Democratic Republic of Congo in 144 remote based community healthcare sites
- A deployment of the Fionet Platform for Malaria Epidemic Management in Rwanda Africa
- An engagement with an international aid foundation in the Republic of South Africa
- An engagement with LifeLabs with various mobile testing initiatives across Canada

### *Operations and moving forward*

FRR is continuing to explore significant future opportunities. FRR is positioned as a national leader in rapid COVID-19 screening and a worldwide leader in infectious disease testing. These advancements in partnerships represent a significant opportunity to generate potential future revenue. Scryb looks to continue to support the product development and expansion of the commercial and business development activities. FRR is actively seeking capital to fund future operations.





## **Glow LifeTech Corp**

Glow LifeTech was formerly a subsidiary of Scryb and was spun out into its own public company through an RTO transaction on March 15, 2021. Scryb played a critical role in the go public transaction. Scryb maintains a significant amount (14.47%) of Glow LifeTech Corp., a publicly traded company on the CSE under the symbol “GLOW”. Scryb continues to provide limited management guidance to Glow. Glow LifeTech is a Canadian-based biotechnology company focused on producing nutraceutical and cannabinoid-based products with dramatically enhanced bioavailability, absorption, and effectiveness. Glow has rights to the ground-breaking, plant-based MyCell™ Technology delivery system, which transforms poorly absorbed natural compounds into enhanced water-compatible concentrates, unlocking the full healing potential of natural active compounds.

Glow LifeTech Corp submitted on Mar 11, 2021, an application to Health Canada, to obtain product licenses for its Natural Health Product (NHP), ArtemiC™, which recently reported successful results from a COVID-19 Phase II clinical trial. ArtemiC™ was submitted to Health Canada’s Natural and Non-prescription Health Products Directorate (NNHPD) on Mar 11, 2021. The application, which is currently under review by Health Canada, included ArtemiC™ supporting COVID-19 Phase II clinical trial results. Under Canadian regulations, all NHPs must obtain premarket approval by Health Canada to assure they are safe, effective and of high quality before being allowed to be sold in Canada. Once Health Canada makes this assessment, they are issued a Natural Product Number (NPN).

Glow LifeTech Corp. completed the buildout of Canadian facility and commissioned the proprietary reactor. Glow is in final stages of development of the Proprietary MyCell® Water-Soluble Cannabis ingredients. In addition, Glow has made a strategic investment in Nova Mentis which is a Canadian-based biotechnology company and global leader in developing diagnostics and psilocybin-based therapeutics for neuroinflammatory disorders.

## **Diagnostic Platform**

Scryb has recently expanded its intellectual property portfolio for its diagnostic and analysis platforms in the rapidly growing IoT healthcare market. The Company was recently granted a patent over a joint spectroscopic and biosensor system for the Point-of Care testing which covers the Company’s HemoPalm analysis platform and IVD related assets. In the previous quarter there was additional development and Scryb is actively looking for opportunities for commercialization. The ongoing COVID19 pandemic has slowed ongoing discussions due to the travel limitations and shipment delays.



## Funding

Scryb will require additional funding to accelerate growth initiatives. Scryb's primary focus is to scale up the operations of FRR and Cybeats and to advance them into significant commercial revenues. Scryb signed an Amalgamation Agreement with Pima Zinc Corp. to list Cybeats Technologies Inc. via an RTO transaction in the fourth quarter of the fiscal year 2022. This transaction will allow Cybeats to more effectively access the public markets to obtain capital required to accelerate the growth of its business without resulting in further dilution in the number of shares outstanding in Scryb. As Glow is now a public company, in the normal course of business, it would finance itself.

## Selected Annual Information

The following table sets forth selected financial information for Scryb Inc. for the three and nine months ended June 30, 2022. This information has been derived from the Company's financial statements for the years and should be read in conjunction with financial statement and the notes thereto.

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the Nine months ended June 30, 2022	For the Nine months ended June 30, 2021
<b>Revenues</b>	63,385	382,656	257,967	425,935
<b>Expenses</b>	4,469,111	2,328,234	9,393,423	12,872,079
<b>Gain (Loss) for the period</b>	(4,405,727)	(1,945,578)	(9,135,455)	(12,446,144)
<b>Gain (Loss) per share</b>	(0.02)	(0.10)	(0.04)	(0.07)
<b>Total assets</b>	10,975,280	21,897,522	10,975,280	21,897,522
<b>Total Liabilities</b>	3,087,919	2,435,878	3,087,919	2,435,878
<b>Working capital</b>	720,536	19,461,644	720,536	19,461,644

The following table sets forth selected financial information for Scryb Inc. for the years ended September 30, 2021, 2020, and 2019. This information has been derived from the Company's financial statements for the periods indicated and should be read in conjunction with audited financial statement and the notes thereto.

	Year Ended 30-Sep-21	Year Ended 30-Sep-20	Year Ended 30-Sep-19
<b>Loss before non-operating income</b>	\$ 17,253,280	\$ 7,119,076	\$ 8,091,108
<b>Loss before income taxes</b>	17,253,280	7,119,076	8,091,108
<b>Loss per common share, basic and diluted</b>	0.08	0.05	0.07
<b>Net and comprehensive loss</b>	17,253,280	7,119,076	8,091,107
<b>Net Loss per Common Share, Basic and Diluted</b>	0.08	0.05	0.07
<b>Weighted average number of shares outstanding</b>	210,112,140	130,890,338	116,746,941
<b>Total assets</b>	18,066,037	2,850,473	2,530,610
<b>Net working capital</b>	8,288,403	(25,304)	(272,784)



### For the three months ended June 30, 2022 and 2021

The schedule below presents the three-month statement of earnings to highlight the non-reoccurring items.

	Three months ended		
	06/30/2022	06/30/2021	Variance
<b>Revenues</b>			
Government grant revenue	-	108,540	(108,540)
Other revenue	10,149	-	10,149
Sales and royalties revenue	53,236	274,116	(220,880)
	<b>63,385</b>	<b>382,656</b>	<b>(319,271)</b>
<b>Expenses</b>			
Advertising and promotion	322,513	-	322,513
Amortization expense	457,769	4,000	453,769
Consulting and management fees	633,195	1,085,018	(451,823)
Depreciation	77,167	2,245	74,922
Dilution loss on investment in associate	240,884	-	240,884
Foreign currency loss	5,608	-	5,608
Insurance expenses	41,546	-	41,546
Interest and accretion	8,122	3,248	4,874
Office, general and administrative	291,941	(18,277)	310,218
Product research and development costs	164,857	344,150	(179,293)
Professional fees	251,632	362,854	(111,222)
Salaries and benefits	1,051,304	509,253	542,051
Sales commissions	6,065	-	6,065
Shareholder communications and marketing	55,955	1,216,621	(1,160,666)
Transfer agent and filing fees	29,489	17,574	11,915
<b>Net earnings (loss) before Share-based compensation and Loss on investment in associate</b>	<b>(3,574,663)</b>	<b>(3,144,030)</b>	<b>(430,633)</b>
Non-cash - Share-based compensation	212,861	421,673	(208,812)
Non-cash - Loss (gain) on investment in associate	618,203	(1,620,125)	2,238,328
Non-cash - Expense recovery related to investment in FRR	(160,060)	(2,675,954)	2,515,894
<b>Net earnings (loss) and comprehensive income (loss)</b>	<b>(4,245,667)</b>	<b>730,376</b>	<b>(4,976,043)</b>

- Government grant revenues includes funding from the Scientific Research and Experimental Development Tax Incentive Program (SR&ED).
- Other revenue includes revenues generated from the bill out from the Fionet JV.
- Sales and royalties' revenue comprises of services generated by Cybeats as well as royalties from the Fionet JV.
- Advertising and promotion increased as these related to commercial activities of Cybeats which was acquired in the prior fiscal year.
- Amortization expense increased due to the amortization of the intellectual property obtained with the Cybeats acquisition in the prior fiscal year.
- Consulting and management fees declined as compared to the same period last year as some consultants switched to employees which resulted in an increase in salaries and benefits expenses.
- Depreciation expenses increased in the current quarter as Cybeats acquired a number of assets relating to property, plant, and equipment.
- Insurance expense increased due to a higher headcount of the Company's employees coupled with insurance coverage not present in the prior year.



- Office, general and administration expense increased due to added costs associated with the expansion of the Cybeats.
- Product research and development costs decreased compared to last year as the company focused its attention on a limited number of high potential projects due to various resource constraints as a result of the COVID-19 pandemic. These resource issues were minimized in the current quarter leading to lower development costs.
- Salaries and benefits increased due to a larger headcount from the Cybeats acquisition and commercial ramp up. There was also an increase from some consultants becoming full time employees which corresponded with a decrease in consulting and management expenses.
- Shareholder communications and marketing decreased due to lower marketing and promotional activity required when compared to the same quarter in the prior period.
- Share-based compensation was granted to new employees and consultants as compared to the same period last year. This represents a non-cash item.
- Loss (gain) on investment in associate relates to Scryb's investment in Glow LifeTech Corp which decreased due to a decline in Glow's share price when compared to the same period last year.

#### For the nine months ended June 30, 2022 and 2021

The schedule below presents the six-month statement of earnings to highlight the non-reoccurring items.

	Nine months ended		
	06/30/2022	06/30/2021	Incr/(Decr)
<b>Revenues</b>			
Government grant revenue	51,380	317,395	(266,015)
Other revenue	66,793	-	66,793
Sales and royalties revenue	139,794	108,540	31,254
	<b>257,967</b>	425,935	<b>(167,968)</b>
<b>Expenses</b>			
Advertising and promotion	472,768	-	472,768
Amortization expense	1,062,407	12,000	1,050,407
Consulting and management fees	1,694,864	2,254,900	(560,036)
Depreciation	125,733	65,053	60,680
Dilution loss on investment in associate	240,884	-	240,884
Foreign currency loss	12,193	-	12,193
Insurance expenses	118,902	-	118,902
Interest and accretion	43,031	48,711	(5,680)
Office, general and administrative	745,071	443,954	301,117
Product research and development costs	414,066	1,196,115	(782,049)
Professional fees	436,856	1,047,959	(611,103)
Salaries and benefits	2,242,158	1,239,017	1,003,141
Sales commissions	6,065	-	6,065
Shareholder communications and marketing	399,905	2,771,419	(2,371,514)
Transfer agent and filing fees	52,453	60,749	(8,296)
<b>Net earnings (loss) before Share-based compensation and Loss on investment in associate</b>	<b>(7,809,391)</b>	<b>(8,713,942)</b>	<b>904,551</b>
			-
Non-cash - Share-based compensation	212,861	4,452,169	(4,239,308)
Non-cash - Loss (gain) on investment in associate	1,113,203	(719,967)	1,833,170
Non-cash - Expense recovery related to investment in FRR	(985,423)	(2,675,954)	1,690,531
<b>Net earnings (loss) and comprehensive income (loss)</b>	<b>(8,150,032)</b>	<b>(9,770,190)</b>	<b>1,620,158</b>



- Government grant revenues includes funding from the Scientific Research and Experimental Development Tax Incentive Program (SR&ED).
- Other revenue includes revenues from interest on loans receivable.
- Sales and royalties' revenue comprises of services generated by Cybeats as well as royalties from the Fionet JV.
- Advertising and promotion increased as these related to commercial activities of Cybeats which was acquired in the prior fiscal year.
- Amortization expense increased due to the amortization of the intellectual property obtained with the Cybeats acquisition in the prior fiscal year.
- Consulting and management fees declined as compared to the same period last year as some consultants switched to employees which resulted in an increase in salaries and benefits expenses.
- Depreciation expenses increased in the current period as Cybeats acquired a number of assets relating to property, plant, and equipment.
- Insurance expense increased due to a higher headcount of the Company's employees coupled with insurance coverage not present in the prior year.
- Office, general and administration expense increased due to added costs associated with the expansion of the Cybeats when compared to the same period in the prior year.
- Product research and development costs decreased compared to last year as the company focused its attention on a limited number of high potential projects due to various resource constraints as a result of the COVID-19 pandemic. These resource issues were minimized in the current period leading to lower development costs.
- Professional fees decreased significantly as there were high professional and legal fees in the prior year relating to the patent and trademark filings, as well as the Cybeats acquisition.
- Salaries and benefits increased due to a larger headcount from the Cybeats acquisition and commercial ramp up. There was also an increase from some consultants becoming full time employees which corresponded with a decrease in consulting and management expenses.
- Shareholder communications and marketing decreased due to lower marketing and promotional activity required when compared to the same period in the prior year.
- Share-based compensation was granted to new employees and consultants as compared to the same period last year. This represents a non-cash item.
- Loss (gain) on investment in associate relates to Scryb's investment in Glow LifeTech Corp which decreased due to a decline in Glow's share price when compared to the same period last year.



## Summary of Quarterly Results

The following table is a summary of selected unaudited financial information for the eight most recent fiscal quarters.

Quarter ended	Income	Net income (loss)	Net income (loss) per share
June 30, 2022	63,385	(4,405,727)	(0.02)
March 31, 2022	73,297	(3,423,027)	(0.01)
December 31, 2021	64,641	(1,325,944)	(0.01)
September 30, 2021	733,902	(7,483,090)	(0.04)
June 30, 2021	Nil	(730,376)	0.00
March 31, 2021	Nil	(8,203,799)	(0.04)
December 31, 2020	Nil	(2,340,045)	(0.02)
September 30, 2020	Nil	(1,781,172)	(0.02)

There was a loss in the quarter was primarily due to higher consulting fees and salaries while the income was mainly from sales revenue from the FRR joint venture and Cybeats.

## Liquidity

The majority of financing of current operations is achieved by issuing share capital. The Company will need additional funds to expand commercial revenues in the coming months.

## Key Balance Sheet Information

	Period Ended 30-Jun-22
Cash	\$ 288,216
Other Current Assets	2,698,888
Current Liabilities	2,266,568
<b>Working Capital</b>	<b>720,536</b>

The Company will need additional funds with approximately \$288k in cash and a working capital amount of \$721K This balance will be used for operations of Scryb and to advance the commercialization of both Cybeats and Fionet platforms.

## 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.

## Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

## **Critical Accounting Policies 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 and software license. 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:

#### **Evaluation of going concern**

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company.

#### **Impairment of intangible assets**

Management has exercised their judgment in determining if the intangible assets are impaired. The judgment is based on management's ability to assess for indicators of impairment.

#### **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.





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**Control**

The Company uses judgement when assessing if the Company controls an investee, which includes the assessment of whether it holds power over the relevant activities, is exposed to variable returns and has the ability to use that power to affect those variable returns.

**Research vs. Development Stage**

The Company uses judgement when assessing if the Company has achieved development stage activities with its internally generated intangible assets.

**Accounting standards and amendments issued but not yet adopted****Amendment to IFRS 3 – Business Combinations**

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3: Business Combinations). The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The Company does not expect any impact to the financial statements as a result of its adoption of the amendments to IFRS 3.

**Risks and Uncertainties**

*History of Losses* – The Company has been in a cumulative net loss position throughout its operating history. The Company's limited operating history makes it difficult to evaluate the future financial prospects of its business. There is no assurance that the Company will grow or be profitable or that the Company will have earnings or significant improvement in its cash flow from operations in the future. The future earnings on and cash flow from operations are dependent on the Company's ability to further develop and sell its products and the Company's operational expenses. Management expects that the Company will continue to have high levels of operating expenses, since the Company needs to make significant up-front expenditures for product development, and corporate development activities. Management anticipates that the operating losses for the Company may continue until such time as the Company consistently generates sufficient revenues to support operations.

*Need for Additional Financing* - The implementation of the Company's business plan requires significant capital outlays and operating expenditures over the next several years. There can be no assurance that additional financing will be available to the Company when needed, on commercially reasonable terms, or at all. Any inability to obtain additional financing when needed would have a material adverse effect on the Company. Further, any additional equity financing may involve substantial dilution to the Company's then existing shareholders. Debt financing, if available, may involve onerous obligations, monetary or otherwise. If adequate funds are not available, the Company may obtain funds through arrangements with strategic partners or others who may require the Company to relinquish rights to certain technologies, any of which could adversely affect its business, financial condition and results of operations.





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## **Product Risks**

*Uncertain Demand for Products* - Demand for technologies is dependent on a number of social, political and economic factors that are beyond the control of the Company. The technology industry is likely to continue to change as the public and government will alter regulation and demand for the products. While the Company believes that demand for technological solutions will continue to grow, there is no assurance that such demand will exist or that the Companies products will be purchased to satisfy that demand.

*Dependence on Development of New Products* - New technological or product developments in the technology industry may render the Company's products obsolete or reduce their value. The Company's future prospects are highly dependent on its ability to develop new products - from new technologies and achieve market acceptance. There can be no assurance that the Company will be successful in these efforts.

## **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 and cash equivalents. The Company has reduced its credit risk by investing its cash equivalents with Canadian chartered banks.

## **Disclosure Controls and Procedures & Internal Controls over Financial Reporting**

In accordance with the Canadian Securities Administrators National Instrument 52-109 ("NI 52-109"), Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

The Company continues to review and document its disclosure controls and procedures and internal controls over financial reporting and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. There were no changes in the Company's internal controls over financial reporting during the period ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, its disclosure controls and procedures and internal controls over financial reporting.

## **Share Data**

As at June 30, 2022, there were 239,692,672 common shares issued and outstanding, 46,390,572 warrants, and 39,611,500 options outstanding.

As at August 29, 2022, there were 239,692,672 common shares issued and outstanding, 7,137,155 warrants and 38,611,500 options outstanding.

"Yoav Raiter"  
Chief Executive Officer  
August 29, 2022