

Condensed Interim Financial Statements

ScreenPro Security Ltd.

For the three months ended February 28, 2021

(Unaudited)

(Expressed in Canadian dollars)

Notice to Reader

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ScreenPro Security Ltd.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at February 28, 2021	As at November 30, 2020
	\$	\$
ASSETS		
CURRENT		
Cash	886,203	446,077
Accounts receivable <i>[note 6]</i>	4,302,148	60,232
Harmonized sales tax recoverable	132,090	81,703
Inventory <i>[notes 4 and 6]</i>	883,866	660,574
Share subscription receivable	—	25,000
Prepaid expenses	150,483	1,482
	6,354,790	1,275,068
PROPERTY AND EQUIPMENT <i>[notes 5 and 6]</i>	690,150	427,020
Total assets	7,044,940	1,702,088
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities <i>[note 6]</i>	5,181,489	801,301
Government remittances payable	40,341	6,326
	5,221,830	807,627
SHAREHOLDERS' EQUITY		
Share capital <i>[note 7]</i>	2,853,244	1,915,117
Warrants reserve	72,820	19,575
Accumulated deficit	(1,102,954)	(1,040,231)
Total shareholders' equity	1,823,110	894,461
Total liabilities and shareholders' equity	7,044,940	1,702,088

Subsequent event *[note 10]*

Approved on behalf of the Board

“John McMullen”
Director (Signed)

“Jamie Hyland”
Director (Signed)

The accompanying notes are an integral part of these condensed interim financial statements

ScreenPro Security Ltd.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended February 28, 2021	For the period from May 6, 2020 to November 30, 2020
	\$	\$
SALES <i>[note 6]</i>	4,532,785	581,643
COST OF SALES	(3,672,885)	(478,520)
GROSS PROFIT	859,900	103,123
EXPENSES		
Impairment of accounts receivable	—	3,155
Depreciation <i>[note 5]</i>	51,236	45,769
General and administrative	345,960	63,614
Marketing	10,000	63,676
Professional service	328,861	324,113
Salaries <i>[note 6]</i>	186,566	54,876
Share based compensation <i>[note 7]</i>	—	548,500
	922,623	1,103,703
LOSS BEFORE OTHR ITEMS	(62,723)	(1,000,580)
Impairment of loan receivable	—	(39,651)
NET LOSS AND COMPREHENSIVE LOSS	(62,723)	(1,040,231)
Basic and diluted earnings per share	(0.00)	(0.03)
Weighted average number of common shares - basic and dilu	53,334,267	34,594,258

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ScreenPro Security Ltd.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares	Share capital \$	Warrants reserve \$	Accumulated deficit \$	Total \$
Balance, May 6, 2020	—	—	—	—	—
Issurance of common shares <i>[note 7]</i>	29,650,000	1,414,992	—	—	1,414,992
Share issue costs <i>[note 7]</i>	—	(48,375)	19,575	—	(28,800)
Share based compensation <i>[note 7]</i>	23,125,000	548,500	—	—	548,500
Accumulated deficit for the period	—	—	—	(1,040,231)	(1,040,231)
Balance, November 30, 2020	52,775,000	1,915,117	19,575	(1,040,231)	894,461
Issurance of common shares <i>[note 7]</i>	7,166,994	1,050,049	—	—	1,050,049
Share issue costs <i>[note 7]</i>	—	(111,922)	53,245	—	(58,677)
Accumulated deficit for the period	—	—	—	(62,723)	(62,723)
Balance, February 28, 2021	59,941,994	2,853,244	72,820	(1,102,954)	1,823,110

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ScreenPro Security Ltd.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended February 28, 2021 \$	For the period from May 6, 2020 to November 30, 2020 \$
OPERATING ACTIVITIES		
Net loss	(62,723)	(1,040,231)
Items not affecting cash:		
Impairment of accounts receivable	—	3,155
Depreciation	51,236	45,769
Impairment of loan receivable	—	39,651
Share based compensation	—	548,500
Changes in non-cash working capital balances:		
Accounts receivable	(4,241,916)	(63,387)
Harmonized sales tax recoverable	(50,387)	(63,612)
Inventory	(223,292)	(660,574)
Prepaid expenses	(149,001)	(1,482)
Accounts payable and accrued liabilities	4,380,188	449,497
Government remittances payable	34,015	6,326
Cash used in operating activities	(261,880)	(736,388)
INVESTING ACTIVITIES		
Purchase of property and equipment	(314,366)	(139,076)
Loan advanced	—	(39,651)
Cash used in investing activities	(314,366)	(178,727)
FINANCING ACTIVITIES		
Shares issued for cash, net of share issue cost:	991,372	1,361,192
Share subscription received	25,000	—
Cash provided by financing activities	1,016,372	1,361,192
INCREASE IN CASH	440,126	446,077
CASH - BEGINNING OF PERIOD	446,077	—
CASH - END OF PERIOD	886,203	446,077
Supplementary cash flow information		
Interest income	—	—
Income tax paid	—	—

The accompanying notes are an integral part of these condensed interim financial statements

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

For the three months ended February 28, 2021

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF BUSINESS

ScreenPro Security Ltd. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on May 6, 2020. The Company is a turnkey Covid-19 testing solutions and personal protective equipment provider.

The office address of the Company is 246 - 970 Burrard Street, Vancouver, British Columbia V6Z 2R4.

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

2. BASIS OF PRESENTATION

2.1 Basis of presentation and statement of compliance

These condensed interim financial statements for the Company for the three months ended February 28, 2021 have been prepared in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting of the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in the notes to the Company’s financial statements for the period ended November 30, 2020. These interim financial statements should be read in conjunction with the Company’s financial statements for the period ended November 30, 2020..

These condensed interim financial statements were approved and authorized for issuance by the Company’s Board of Directors on April 29, 2021. These condensed interim financial statements are presented in Canadian dollars which is also the Company’s functional currency. The accounting policies have been applied consistently in these financial statements, unless otherwise indicated.

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

For the three months ended February 28, 2021

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained. The financial statements are presented in Canadian dollars which is the presentation and functional currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments and estimates

The application of the Company's accounting policies require management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income (loss), assets and liabilities recognized and disclosures made in the financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

Management's budget and strategic plans are fundamental information used as a basis for estimates necessary to prepare financial information. Management tracks performance as compared to the budget and significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

The following areas require management's critical estimates and judgments:

a) Valuation of deferred tax assets and liabilities

To determine the extent to which deferred tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Such estimates are made as part of the budget process on an undiscounted basis and are reviewed on a quarterly basis. Management exercises judgment to determine the extent to which realization of future taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

For the three months ended February 28, 2021

(Expressed in Canadian Dollars)

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Significant accounting judgments and estimates (continued)

b) Income taxes

The Company computes an income tax provision in each of the jurisdictions in which it operates. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

The income tax provision is based on estimates of full-period earnings by jurisdiction. The average annual effective income tax rates are re-estimated at the end of each reporting period. To the extent that forecasts differ from actual results, adjustments are recorded in subsequent periods.

c) Estimated useful lives and depreciation of property and equipment

Depreciation and depreciation of property and equipment are dependent upon estimates of useful lives, which are determined through the exercise of judgements. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

d) Inventory

In calculating the value of the inventory, management is required to make a number of estimates, including estimating the selling costs, average or expected selling prices and list prices and other conversion factors. In calculating final inventory values, management compares the inventory costs to estimated net realizable value. Provisions are made for slow moving inventory. The Company assesses inventory provisions on the basis of volumes of product on hand, competing products and market trends in conjunction with sales forecasts.

3.2 Changes in accounting standard

The Company has evaluated all recent accounting pronouncements up to the date of issuance of these financial statements, and conclude that these pronouncements are not expected to have any significant impact on the Company's financial statements.

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

4. INVENTORY

	As at February 28, 2020	As at November 30, 2020
	\$	\$
Covid-19 test kits under laboratory testing	883,866	706,795
	883,866	706,795

The cost of inventory included in the cost of sales was \$2,101,911 (November 30, 2020 - \$318,971).

5. PROPERTY AND EQUIPMENT

	Equipment	Vehicles	Total
	\$	\$	\$
Cost:			
As at May 6, 2020	—	—	—
Additions	446,602	26,187	472,789
As at November 30, 2020	446,602	26,187	472,789
Additions	446,602	26,187	472,789
As at February 28, 2021	893,204	52,374	945,578
Accumulated depreciation:			
As at May 6, 2020	—	—	—
Depreciation	43,420	2,349	45,769
As at November 30, 2020	43,420	2,349	45,769
Depreciation	49,344	1,892	51,236
As at February 28, 2021	92,764	4,241	97,005
Net book value:			
As at November 30, 2020	403,182	23,838	427,020
As at February 28, 2021	800,440	48,133	848,573

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

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6. RELATED PARTY TRANSACTIONS

Related parties are defined as management and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which a principal shareholder, director or senior officer is a principal owner or senior executive.

Related party transactions, with entity with common management and shareholders, are as follows:

	For the three months ended February 28, 2021	For the period from May 6, 2020 to November 30, 2020
	\$	\$
Equipment and inventory purchased from a related party	4,167,261	1,088,547
Sales to a related party and accounts receivable at period-end	4,478,095	517,555
Salary paid to officers and directors	92,667	29,866

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors, advisory board members, officers of the Company. The following share-based compensations were awarded by the Company during the period from May 6, 2020 to November 30, 2020:

- Key management personnel \$250,000

No options were granted to related parties during the three months ended February 28, 2021.

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

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(Unaudited)

7. SHARE CAPITAL

a) Authorized:

Unlimited number of common shares, one votes per share, without par value

b) Issued:

The Company initially issued 1,000,000 common shares to the Chairman on incorporation, which were repurchased and cancelled on that same day.

During the period ended November 30, 2020, the Company issued 15,500,000 common shares at \$0.02 per share for gross proceeds of \$310,000.

During the period ended November 30, 2020, the Company issued 20,800,000 common shares valued at \$0.02 per share for a total compensation of \$416,000 for services rendered by certain directors, officers, and consultants of the Company.

During the period ended November 30, 2020, the Company issued 5,700,000 common shares at \$0.05 per share for gross proceeds of \$285,000.

During the period ended November 30, 2020, the Company issued 2,000,000 common shares valued at \$0.05 per share for a total compensation of \$100,000 for services rendered by an officer of the Company.

During the period ended November 30, 2020, the Company issued 7,950,000 common shares at \$0.10 per share for gross proceeds of \$795,000.

During the period ended November 30, 2020, the Company issued 325,000 common shares valued at \$0.10 per share for a total compensation of \$32,500 for services rendered by consultants of the Company.

In connection with the above private placements, the Company paid finder's fees of \$14,993 and issued 216,000 finder warrants exercisable at \$0.10 per share and expire on November 22, 2022. The fair value of the finder's warrants was measured at \$19,575 using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.10; exercise price - \$0.10; expected life - 2 years; volatility - 237%; dividend yield - Nil; and risk-free rate - 0.26%.

ScreenPro Security Ltd.

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(Expressed in Canadian Dollars)

(Unaudited)

7. SHARE CAPITAL (continued)

During the three months ended February 28, 2021, the Company issued 500,000 common shares at \$0.10 per share for gross proceeds of \$50,000.

During the three months ended February 28, 2021, the Company issued 6,666,994 common shares at \$0.15 per share for gross proceeds of \$1,000,049.

In connection with the above private placements, the Company paid finder's fees of \$58,667 and issued 391,673 finder warrants exercisable at \$0.15 per share and expire on February 26, 2023. The fair value of the finder's warrants was measured at \$53,245 using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.15; exercise price - \$0.15; expected life - 2 years; volatility – 237%; dividend yield - Nil; and risk-free rate – 0.31%.

Warrants

The changes in the Company's warrants for the period ended November 30, 2020 is as follows:

	Number of warrants	Weighted average exercise price
Balance, on incorporation	-	-
Issued	216,000	\$0.10
Balance, November 30, 2020	216,000	\$0.10
Issued	391,673	\$0.15
Balance, February 28, 2021	607,673	\$0.13

As at February 29, 2021, the Company had the following warrants outstanding and exercisable:

Number of warrants	Exercise price	Expiry date
216,000	\$0.10	November 22, 2022
391,673	\$0.15	February 26, 2023

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

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(Unaudited)

8. FINANCIAL RISK FACTORS

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs are observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions and are not based on observable market data.

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

For the three months ended February 28, 2021

(Expressed in Canadian Dollars)

(Unaudited)

8. FINANCIAL RISK FACTORS (continued)

Fair Value (continued)

The following table summarizes the fair values of recognized financial instruments. Unless otherwise noted, the carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximates fair value for each financial instrument.

Financial Risk Management

The Company is exposed to credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management is supported by the Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and the Company risk appetite.

(a) Credit Risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash, accounts receivable, share subscriptions receivable and loan receivable. The cash consists of money held in a reputable Canadian bank. In order to reduce its credit risk from its loan receivable balances, the Company keeps a close connection with the third party. To reduce its credit risk from its accounts receivable and share subscriptions receivable balances, the Company reviews a new client and share subscriber's credit history before extending credit.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligation associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages liquidity risk through obtaining financing from its shareholders.

ScreenPro Security Ltd.

Notes to Condensed Interim Financial Statements

For the three months ended February 28, 2021

(Expressed in Canadian Dollars)

(Unaudited)

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. The capital of the Company consists of equity.

The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the Company's capital requirements, the Company has in place planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. There were no externally imposed capital requirements to which the Company is subject as at February 28, 2021.

10. SUBSEQUENT EVENT

On February 28, 2021, the Company entered into a definitive agreement with ScreenPro Security Inc. (formerly Compel Capital Inc.) ("Compel") related to a proposed reverse-takeover transaction ("Transaction"). Pursuant to the definitive agreement, the parties completed a three-cornered amalgamation whereby the Company amalgamated with a newly incorporated subsidiary of Compel, and Compel acquired all the issued and outstanding the Company's shares. The Company's shareholders received common shares in Compel in exchange for their shares of the Company, resulting in a reverse takeover of Compel by the Company's shareholders.