

**ScreenPro Security Inc.**

Management Discussion and Analysis

For the thirteen month period ended December 31, 2021

This Management's Discussion and Analysis ("MD&A") provides a detailed analysis of the business of ScreenPro Security Inc. (the "Company") and compares its financial results for the period ended December 31, 2021. The MD&A should be read in conjunction with the audited financial statements of the Company for the thirteen months ended December 31, 2021 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars.

This MD&A contains certain statements that may constitute "forward looking statements". Forward looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

This MD&A is current as at May 2, 2022.

### **Caution on Forward-Looking Statements**

*The MD&A contains certain forward-looking statements concerning anticipated developments in the Company's operation in future periods. Forward-looking statements are frequently, but not always identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements in the MD&A may include statements regarding budgets, capital expenditures, timelines, strategic plans, or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes, arbitration and litigation; uncertainty of estimates of capital and operating costs, the need to obtain additional financing to develop products and contents; uncertainty as to the availability and terms of future financing; the possibility of delay in research or development programs and uncertainty in meeting anticipated milestones; uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.*

### **Overview**

ScreenPro Security Inc, formerly Compel Capital Inc., is incorporated under the laws of the Province of Ontario. The Company's common shares are listed on the Canadian Securities Exchange (CSE) under the trading symbol "SCRN".

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

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ScreenPro is a private company incorporated under the laws of the Province of British Columbia and is based in Vancouver. ScreenPro was incorporated in May 2020 for the purpose of distributing turnkey COVID-19 testing solutions to businesses and government organizations. ScreenPro intends to address the current market need for efficient administration of COVID-19 tests through its unique access to South Korean test kits through its strategic relationship with Datametrex AI Limited (“Datametrex”), and its relationship with a growing number of testing laboratories.

ScreenPro has been engaged by Datametrex, pursuant to the Datametrex Service Agreement, to provide COVID-19 screening services to companies that have contracted with Datametrex for the provision of such services. ScreenPro began servicing companies operating in the mining, and film and TV production industries under the Datametrex Service Agreement in June 2020 and October 2020 respectively. As its business develops, ScreenPro contracts directly with end clients for the provision of its screening and medical diagnostic testing services and access to the ScreenPro Testing Platform (“STP”).

### **Business History**

ScreenPro was incorporated on May 6, 2020, under the *Business Corporations Act* (British Columbia).

The head office of ScreenPro is located at 260-625 Howe Street, Vancouver, British Columbia V6C 2T6. The registered office of ScreenPro is located at Suite 1500, 1050 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company launched its medical app device, GoStop, with its film and television clients. GoStop is ScreenPro’s COVID-19 digital testing platform developed with a privacy preserving approach that will enable people to use the alerting software and downloadable app. COVID-19 tests uploaded to the app, with either a negative or positive test result, trigger an instant notification to individuals in the test group. In the case of a positive result, the app advises isolation for the subject and quarantine of their contacts.

In November 2021, the Company acquired Concierge Medical Consultants Inc. (“Concierge”) offering home and business visit care starting in Vancouver to capitalize on the lucrative custom care management market. In conjunction with the Company's clinic in Vancouver, ScreenPro offers concierge medical services with accredited physicians and nurses and can provide corporate wellness and executive health including urgent concierge medical care, medical advisory, and preventive screenings to determine the presence or absence of disease. The company is currently reviewing various disease detection technologies and will report on this in due course.

### **Selected Financial Information**

	<b>December 31, 2021</b>	<b>November 30, 2020</b>
	\$	\$
<b>Current assets</b>	2,775,747	1,275,068
<b>Total assets</b>	4,887,202	1,702,088
<b>Total current liabilities</b>	3,969,395	807,627
<b>Total liabilities</b>	4,041,199	807,627
<b>Revenue</b>	21,224,967	581,643
<b>Net loss</b>	(10,156,501)	(1,033,921)

## **EBITDA and Adjusted EBITDA**

Management believes that EBITDA and Adjusted EBITDA are effective measures for analyzing the performance of the Company. The term "EBITDA" refers to earnings before deducting interest, taxes, depreciation and amortization. The Company calculates Adjusted EBITDA as earnings before deducting interest and accretion, taxes, depreciation and amortization, impairment charges, listing expense, other reverse takeover fees, acquisition related costs, and share based compensation. "EBITDA", "EBITDA per share", "Adjusted EBITDA", and "Adjusted EBITDA per share" are non-GAAP measures. The Company believes that EBITDA and Adjusted EBITDA are useful additional information to management, the Board and investors as it provides an indication of the operational results generated by its business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and amortization and it excludes items that could affect the comparability of our operational results and could potentially alter the trends analysis in business performance. Excluding these items does not necessarily imply they are non-recurring, infrequent or unusual. EBITDA and Adjusted EBITDA are also used by some investors and analysts for the purpose of valuing a company. Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to operating earnings or net earnings determined in accordance with IFRS as an indicator of the Company's financial performance or as a measure of the Company's liquidity and cash flows. EBITDA and Adjusted EBITDA does not take into account the impact of working capital changes, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

The following table reconciles net loss to EBITDA and Adjusted EBITDA for the thirteen months ended December 31, 2021 and for the period from the date of incorporation on May 6, 2020 to November 30, 2020:

	<b>December 31, 2021</b>	<b>November 30, 2020</b>
	\$	\$
<b>Net loss</b>	<b>(10,156,501)</b>	(1,040,231)
Depreciation and amortization	<b>1,995,787</b>	45,769
<b>EBITDA</b>	<b>(8,160,714)</b>	(994,462)
Share based compensation	-	548,500
Excess consideration paid over net assets acquired	<b>4,777,912</b>	-
Listing expense	<b>1,658,745</b>	-
<b>Adjusted EBITDA</b>	<b>(1,724,057)</b>	(445,962)

## **FINANCIAL POSITION**

As at December 31, 2021, the Company had current assets of \$2,775,747 and current liabilities of \$3,969,395. At December 31, 2021, the Company had working capital deficiency of \$1,193,648.

The Company had cash of \$207,789 at December 31, 2021. During the thirteen months ended December 31, 2021, the Company had cash outflows from operations of \$501,331, mainly as a result of a large increase in inventory expense which would support future sales.

Cash outflows from investing activities for the thirteen months ended December 31, 2021 was \$679,283 including purchase of equipment of \$797,148.

Cash flows from financing activities during the thirteen months ended December 31, 2021 was \$942,326 mainly due to the Company's issuance of common shares.

**SUMMARY OF QUARTERLY RESULTS**

	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>	<b>November 30, 2020</b>
			\$	\$	\$
<b>Financial results:</b>					
Net loss	(6,467,765)	724,288	140,485	(4,553,509)	(1,040,231)
Basic loss per share	(0.02)	0.00	0.00	(0.01)	(0.03)

**RESULTS OF OPERATIONS**

**Thirteen Months Ended December 31, 2021**

The Company reported a net loss of \$10,156,501.

Total operating expenses for the period ended December 31, 2021 was \$6,547,882 and this is largely due to a professional fees of \$923,638 related to various legal and accounting activities, and the listing expense of \$1,658,745 relating to the RTO representing ScreenPro's costs to obtain a listing on the CSE. The Company also recorded a non-cash depreciation costs of \$1,995,787 related to the Company's equipment, right-of-use asset and intangible assets acquired during the period.

**Three Months Ended December 31, 2021**

The Company reported a net loss of \$6,467,765.

Total revenue for the quarter was \$4,968,333. Total operating expenses for the quarter ended December 31, 2021 was \$2,427,771 and this is largely due to a non-cash depreciation costs of \$1,770,874 related to the Company's equipment, right-of-use asset and intangible assets acquired during the period.

The Company also had other non-cash expenses related to GoStop acquisition of \$4,777,912 and listing expense of \$1,658,745 related to the RTO.

**LIQUIDITY AND CAPITAL RESOURCES**

At December 31, 2021, the Company had working capital deficit of \$1,193,648 including cash of \$207,789.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuation of the Company as a going concern is dependent on its ability to obtain necessary equity financing for its commitments. There is no guarantee that management will be successful in securing future equity financings due to current market conditions.

### **Future Cash Requirements**

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding may be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

## **FINANCIAL INSTRUMENTS**

### **Classification of financial instruments**

	December 31, 2021	November 30, 2020
	\$	\$
<b>Financial assets</b>		
Amortized costs <sup>(1)</sup>	263,239	531,309
<b>Financial liabilities</b>		
Amortized costs <sup>(2)</sup>	3,920,370	801,301

(1) Consists of cash and accounts receivable

(2) Consists of accounts payable and accrued liabilities

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

### **Management of Industry and Financial Risk**

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.

#### ***Credit risk***

Credit risk is the risk of unexpected loss if a customer of 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, and accounts receivable. The cash consists of money held in a reputable Canadian bank. To reduce its credit risk from its accounts receivable, the Company reviews a new client and share subscriber's credit history before extending credit.

#### ***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.

**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 December 31, 2021.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Transactions between Related Parties**

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

	For the thirteen months ended December 31, 2021	For the period from May 6, 2020 to November 30, 2020
	\$	\$
Salaries paid to officers and directors	500,107	29,866
Consulting fees paid to officers and directors	293,500	-
Rent paid to a company controlled by a former director	50,000	-
Share-based compensation	-	250,000

Total amount due to related parties at December 31, 2021 was \$26,132.

On completion of the RTO, the former officers and/or directors of the Company forgave their loans in the amount of \$132,170.

**OUTSTANDING SHARE DATA**

The following share capital data is current as of the date of this MD&A:

	<b>Balance</b>
Shares issued and outstanding	74,638,916

As of the date of this MD&A, the Company also has 35,205,754 share purchase warrants outstanding, of which 131,674 warrants has an exercise price of \$0.30 per share, 74,080 warrants has an exercise price of \$0.20 per share, 2,000,000 warrants has an exercise price of \$1.50 per share and 33,000,000 warrants has an exercise price of \$0.15. These warrants expire from 2022 to 2024.

**Critical Accounting Estimates**

Critical accounting estimates have not changed since the Company's fiscal year ended November 30, 2020.

### **Coronavirus Global Pandemic Risk**

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world's equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods.

### **Other Information**

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).