

Condensed Consolidated Interim Financial Statements

**ScreenPro Security Inc.**

For the six month period ended June 30, 2022

(Unaudited)

(Expressed in Canadian dollars)

**Notice to Reader**

The accompanying unaudited condensed consolidated 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 unaudited condensed consolidated interim 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 Inc.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Expressed in Canadian Dollars)  
(Unaudited)

	As at June 30, 2022 \$	As at December 31, 2021 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	408,684	207,789
Accounts receivable	1,993,562	55,450
Harmonized sales tax recoverable	80,511	43,214
Inventory <i>[note 4]</i>	1,265,962	2,287,874
Prepaid expenses	139,888	181,420
	3,888,607	2,775,747
<b>DEPOSIT</b> <i>[note 8]</i>	10,000	10,000
<b>PROPERTY AND EQUIPMENT</b> <i>[note 5]</i>	896,424	886,221
<b>RIGHT-OF-USE ASSET</b> <i>[note 8]</i>	96,000	119,929
<b>INTANGIBLE ASSETS</b> <i>[note 6]</i>	—	493,140
<b>GOODWILL</b> <i>[note 6]</i>	8,956,301	602,165
<b>Total assets</b>	13,847,332	4,887,202
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	6,681,247	3,920,370
Current portion of lease liabilities <i>[note 8]</i>	52,656	49,025
	6,733,903	3,969,395
<b>LEASE LIABILITIES</b> <i>[note 8]</i>	44,543	71,804
<b>LOANS PAYABLE</b> <i>[note 12]</i>	499,900	—
<b>Total liabilities</b>	7,278,346	4,041,199
<b>SHAREHOLDERS' EQUITY</b>		
Share capital <i>[note 7]</i>	17,573,403	11,073,403
Warrants reserve	3,060,997	969,332
Accumulated deficit	(14,065,414)	(11,196,732)
<b>Total shareholders' equity</b>	6,568,986	846,003
<b>Total liabilities and shareholders' equity</b>	13,847,332	4,887,202

Approved on behalf of the Board

“Michael Yeung”

Director (Signed)

“Alex MacKay”

Director (Signed)

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

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

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the seven months ended June 30, 2021
	\$	\$	\$	\$
<b>SALES</b>	3,631,808	5,497,441	8,320,359	12,377,766
<b>COST OF SALES</b>	(3,654,596)	(4,206,962)	(6,866,779)	(10,669,068)
<b>GROSS PROFIT</b>	(22,788)	1,290,479	1,453,580	1,708,698
<b>EXPENSES</b>				
Depreciation <i>[note 5]</i>	370,864	63,422	776,885	136,426
General and administrative	250,044	233,777	502,363	771,289
Marketing	55,626	455	55,626	203,270
Professional services	1,437,920	580,742	2,264,748	1,473,103
Research and development	—	44,835	—	44,835
Salaries <i>[note 6]</i>	397,611	226,763	722,640	481,710
	2,512,065	1,149,994	4,322,262	3,110,633
<b>LOSS BEFORE OTHR ITEMS</b>	(2,534,853)	140,485	(2,868,682)	(1,401,935)
Gain on settlement of liabilities	—	—	—	143,936
Listing expense <i>[note 10]</i>	—	—	—	(3,155,025)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	(2,534,853)	140,485	(2,868,682)	(4,413,024)
<b>Basic and diluted earnings per share</b>	(0.03)	0.00	(0.04)	(0.17)
<b>Weighted average number of common shares - basic and diluted</b>	88,265,288	38,009,104	71,826,761	26,302,828

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

	Number of shares	Share capital \$	Warrants reserve \$	Accumulated deficit \$	Total \$
<b>Balance, November 30, 2020</b>	<b>5,277,500</b>	<b>1,915,117</b>	<b>19,575</b>	<b>(1,040,231)</b>	<b>894,461</b>
Issurance of common shares <i>[note 9]</i>	716,699	1,050,049	—	—	<b>1,050,049</b>
Recapitalization <i>[notes 9 and 12]</i>	(1,095,991)	—	—	—	—
Rounding on share consolidation	(23)	—	—	—	—
Shares issued for reverse takeover <i>[notes 9 and 12]</i>	29,061,572	2,976,486	—	—	<b>2,976,486</b>
Shares issued for acquisition <i>[notes 9 and 12]</i>	4,000,000	4,400,000	—	—	<b>4,400,000</b>
Shares issued for warrant exercises	63,218	17,840	—	—	<b>17,840</b>
Share issue costs	—	(111,922)	53,245	—	<b>(58,677)</b>
Net loss for the period	—	—	—	(4,413,024)	<b>(4,413,024)</b>
<b>Balance, June 30, 2021</b>	<b>38,022,975</b>	<b>10,247,570</b>	<b>72,820</b>	<b>(5,453,255)</b>	<b>4,867,135</b>
<b>Balance, December 31, 2021</b>	<b>41,638,916</b>	<b>11,073,403</b>	<b>969,332</b>	<b>(11,196,732)</b>	<b>846,003</b>
Units issued for acquisitions <i>[notes 9 and 12]</i>	58,833,331	6,500,000	2,091,665	—	<b>8,591,665</b>
Net loss for the period	—	—	—	(2,868,682)	<b>(2,868,682)</b>
<b>Balance, June 30, 2022</b>	<b>100,472,247</b>	<b>17,573,403</b>	<b>3,060,997</b>	<b>(14,065,414)</b>	<b>6,568,986</b>

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

	For the six months ended June 30, 2022	For the seven months ended June 30, 2021
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(2,868,682)	(4,413,024)
Items not affecting cash:		
Accretion and interests	6,670	—
Depreciation	776,885	136,426
Gain on settlement of liabilities	—	(143,936)
Listing expense	—	3,155,025
Changes in non-cash working capital balances:		
Accounts receivable	(1,931,016)	(40,489)
Harmonized sales tax recoverable	(35,493)	75,230
Inventory	1,170,986	265,568
Prepaid expenses	43,832	(162,018)
Accounts payable and accrued liabilities	2,754,942	1,157,426
<b>Cash (used in) provided by operating activities</b>	<b>(81,876)</b>	<b>30,208</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of AddBio, net of cash received	1,069,776	—
Acquisition of NatureVan, net of cash received	(486,686)	—
Cash acquired from RTO	—	30
Purchase of property and equipment	(270,019)	(547,403)
Loan advanced	—	—
<b>Cash provided by (used in) investing activities</b>	<b>313,071</b>	<b>(547,373)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash, net of share issue costs	—	1,009,212
Share subscription received	—	25,000
Lease payments	(30,300)	—
<b>Cash (used in) provided by financing activities</b>	<b>(30,300)</b>	<b>1,034,212</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>200,895</b>	<b>517,047</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>207,789</b>	<b>446,077</b>
<b>CASH - END OF PERIOD</b>	<b>408,684</b>	<b>963,124</b>
<b>Supplementary cash flow information</b>		
Interest income	—	—
Income tax paid	—	—

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

# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. NATURE OF BUSINESS

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

On February 28, 2021, the Company entered into a definitive agreement with ScreenPro Security Ltd. ("ScreenPro") related to a 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 (note 12).

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

During the six months ended June 30, 2022, the Company incurred a loss of \$2,868,682 and, as of that date, the Company had accumulated deficit of \$14,065,414 and a working capital deficit of \$2,845,296. The Company's continuing operations as intended are dependent upon its the ability to raise additional funds, investor sentiment and financial market conditions, all of which may be impacted by the uncertainties arising from the COVID-19 pandemic. Should the Company be unable to secure additional financing, the Company may be unable to discharge its net liabilities. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The office address of the Company is 260 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

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.

# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

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(Unaudited)

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## 2. BASIS OF PRESENTATION

### 2.1 Basis of presentation and statement of compliance

These condensed consolidated interim financial statements for the Company for the six months ended June 30, 2022 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 year ended December 31, 2021. These condensed consolidated interim financial statements should be read in conjunction with the Company’s financial statements for the year ended December 31, 2021.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Company’s Board of Directors on August 26, 2022. 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.

### 2.2 Principles of consolidation

These consolidated financial statements are the continuation of the accounting acquirer (note 12), ScreenPro, with the exception of share capital structure, which represents the Company’s equity structure, and the financial accounts and results of the Company from March 5, 2021, being the effective date of the RTO.

The Company’s wholly owned operating subsidiaries include:

<b>Name of the entity</b>	<b>Jurisdiction of incorporation</b>	<b>Functional currency</b>	<b>Principal activity</b>
ScreenPro Security Ltd. (“ScreenPro Ltd”)	Canada	Canadian Dollar	Inactive
GoStop Inc. (“GoStop”)	Canada	Canadian Dollar	Health Technology
Concierge Medical Consultant Inc. (“Concierge”)	Canada	Canadian Dollar	Health Care
Add Biomedical Inc. (“AddBio”) *	Canada	Canadian Dollar	Health Care
NatureVan Nutrition Ltd. (“NatureVan”) *	Canada	Canadian Dollar	Health Care

\* AddBio and NatureVan are consolidated from February 2022 and May 2022, respectively, being their acquisition dates.



# **ScreenPro Security Inc.**

## **Notes to Condensed Consolidated Interim Financial Statements**

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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Intercompany balances and transactions are eliminated upon consolidation and preparation of these consolidated financial statements.

### **2.3 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.

### **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 Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

#### 4. INVENTORY

	As at June 30, 2022	As at December 31, 2021
	\$	\$
Covid-19 test kits under laboratory testing	1,109,320	2,287,874
NatureVan – finished goods	156,642	-
	<b>1,265,962</b>	<b>2,287,874</b>

The cost of inventory included in the cost of sales was \$2,413,469 (2021 - \$6,432,097).

#### 5. PROPERTY AND EQUIPMENT

	Equipment \$	Vehicles \$	Total \$
<b>Cost:</b>			
As at November 30, 2020	446,602	26,187	472,789
Additions	591,564	205,584	797,148
As at December 31, 2021	1,038,166	231,771	1,269,937
Additions	117,779	152,240	270,019
<b>As at June 30, 2022</b>	<b>1,155,945</b>	<b>384,011</b>	<b>1,539,956</b>
<b>Accumulated depreciation:</b>			
As at November 30, 2020	43,420	2,349	45,769
Depreciation	268,083	69,864	337,947
As at December 31, 2021	311,503	72,213	383,716
Depreciation	182,843	76,973	259,816
<b>As at June 30, 2022</b>	<b>494,346</b>	<b>149,186</b>	<b>643,532</b>
<b>Net book value:</b>			
As at December 31, 2021	726,663	159,558	886,221
<b>As at June 30, 2022</b>	<b>661,599</b>	<b>234,825</b>	<b>896,424</b>

## ScreenPro Security Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

#### 6. INTANGIBLE ASSET AND GOODWILL

	Developed technologies \$	Goodwill \$	Total \$
<b>Cost:</b>			
As at November 30, 2020	—	—	—
Additions	2,117,600	602,165	2,719,765
As at December 31, 2021	2,117,600	602,165	2,719,765
Additions	—	8,354,136	8,354,136
<b>As at June 30, 2022</b>	<b>2,117,600</b>	<b>8,956,301</b>	<b>11,073,901</b>
<b>Accumulated depreciation:</b>			
As at November 30, 2020	—	—	—
Depreciation	1,624,460	—	1,624,460
As at December 31, 2021	1,624,460	—	1,624,460
Depreciation	493,140	—	493,140
<b>As at June 30, 2022</b>	<b>2,117,600</b>	<b>—</b>	<b>2,117,600</b>
<b>Net book value:</b>			
As at December 31, 2021	493,140	602,165	1,095,305
<b>As at June 30, 2022</b>	<b>—</b>	<b>8,956,301</b>	<b>8,956,301</b>

# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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### 7. 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:

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	<b>For the six months ended June 30, 2022</b>	<b>For the seven months ended June 30, 2021</b>
	<b>\$</b>	<b>\$</b>
Salaries paid to current and former officers and directors	<b>263,333</b>	<b>179,645</b>
Consulting fees paid to current and former officers and directors	<b>752,500</b>	-

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.

### 8. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

During the thirteen months ended December 31, 2021, the Company entered into a lease agreement with a company controlled by a former director of the Company. The new lease contract contained a deposit in the amount of \$10,000 that will be applied for the rent of the last two months the lease term. The lease expires in March 2024.

#### Right-of-use asset

	\$
<b>Balance at May 6, 2020 and November 30, 2020</b>	-
Addition	153,309
Amortization charge for the period	(33,380)
<b>Balance at December 31, 2021</b>	<b>119,929</b>
Amortization charge for the period	(23,929)
<b>Balance at June 30, 2022</b>	<b>96,000</b>

# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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### Lease liability

	\$
<b>Balance at May 6, 2020 and November 30, 2020</b>	-
Addition	153,309
Accretion on lease liability	12,520
Lease payments	<u>(45,000)</u>
<b>Balance at December 31, 2021</b>	<b>120,829</b>
Accretion on lease liability	6,670
Lease payments	<u>(30,300)</u>
<b>Balance at June 30, 2022</b>	<b>97,199</b>
<b>Classified as current</b>	<b>52,656</b>
<b>Classified as non-current</b>	<b>44,543</b>

When measuring the lease liability, the Company discounted lease payments using its incremental borrowing rate of 12%.

Future lease payments are as follows:

Year ended December 31, 2022	\$30,600
Year ended December 31, 2023	\$62,100
Year ended December 31, 2024	\$15,600

## 9. SHARE CAPITAL

In February 2022, the Company consolidated the common shares of the Company on the basis of one post-consolidation share for each ten pre-consolidation shares. All figures presented in these consolidated financial statements have been retrospectively adjusted to reflect this share consolidation.

### a) Authorized:

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

### b) Issued:

On December 16, 2020, the Company issued 50,000 common shares valued at \$1.00 per share for a total compensation of \$50,000 for services rendered by a consultant of the Company.

## **ScreenPro Security Inc.**

### **Notes to Condensed Consolidated Interim Financial Statements**

For the six months ended June 30, 2022

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On February 26, 2021, the Company issued 666,699 common shares at \$1.50 per share for gross proceeds of \$1,000,049.

In connection with the above private placements, the Company paid finder's fees of \$58,751 and issued 39,167 finder warrants exercisable at \$1.50 per share and expire on February 26, 2023. These warrants were exchanged for 183,640 new warrants with an exercise price of \$0.30 as a result of the RTO. The fair value of the finder' warrants was measured at \$54,245 using the Black-Scholes Option Pricing Model with the following assumptions: exercise price - \$0.15; expected life - 2 years; volatility – 237%; dividend yield - Nil; and risk-free rate – 0.31%.

On March 5, 2021, the Company completed the RTO and issued 29,061,572 common shares to acquire ScreenPro (note 12).

On March 26, 2021, the Company acquired GoStop and issued 4,000,000 common shares valued at \$6,000,000 (note 12).

On April 20, 2021, the Company issued 63,218 common shares upon exercise of share purchase warrants for total proceeds of \$17,840.

On May 21, 2021, the Company issued 15,941 common shares upon exercise of share purchase warrants for total proceeds of \$3,188.

On November 15, 2021, the Company acquired Concierge and issued 3,600,000 common shares valued at \$720,000 (note 12).

On February 22, 2022, the Company acquired AddBio and issued 33,000,000 common shares valued at \$4,950,000 (note 12).

On May 1, 2022, the Company acquired NatureVan and issued 25,833,331 common shares valued at \$1,550,000 (note 12).

# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

### Warrants

The changes in the Company's warrants for the period ended December 31, 2021 and June 30, 2022 are as follows:

	Number of warrants	Weighted average exercise price
<b>Balance, May 6, 2020 and November 30, 2020</b>	-	-
RTO transaction (note 12)	183,640	\$0.30
RTO transaction (note 12)	101,273	\$0.20
GoStop acquisition (note 12)	2,000,000	\$1.50
Exercised	(79,159)	\$0.30
<b>Balance, December 31, 2021</b>	2,205,754	\$1.40
AddBio acquisition (note 12)	33,000,000	\$0.15
NatureVan acquisition (note 12)	25,833,331	\$0.07
<b>Balance, June 30, 2022</b>	61,039,085	\$0.16

As at June 30, 2022, the Company had the following warrants outstanding and exercisable:

Number of warrants	Exercise price	Expiry date
131,674	\$0.30	February 26, 2023
74,080	\$0.20	November 23, 2022
2,000,000	\$1.50	September 26, 2022
33,000,000	\$0.15	February 22, 2024
25,833,331	\$0.07	May 13, 2024

## 10. 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.

# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

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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.

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.



# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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### (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, the Company reviews credit history of new clients 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.

## 11. 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 June 30, 2022

## 12. ACQUISITIONS

### ScreenPro Security Ltd.

On February 28, 2021, the Company entered into a definitive agreement with ScreenPro related to a proposed RTO. In March 2021, the RTO with ScreenPro was completed (note 1).

The Transaction resulted in an issuance of 29,061,572 common shares of the Company to ScreenPro shareholders and issuance of 284,913 share purchase warrants to the ScreenPro warrant-holders. A total of 183,640 warrants were exercisable at \$0.30 per share with an expiry date of February 26, 2023 and a total of 101,273 warrants were exercisable at \$0.20 per share with an expiry date of November 23, 2022.

# ScreenPro Security Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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The substance of the transaction was a reverse takeover of the non-operating company and the transaction does not constitute a business combination as the Company does not meet the definition of a business under IFRS 3. As a result, the transaction was recorded by the Company as a reverse takeover that was not a business combination with a recognition of a listing expense which represented the difference between the fair value of consideration that ScreenPro paid and the fair value of the Company's net assets.

ScreenPro, the legal subsidiary, has been identified as the accounting acquirer and the Company, the legal parent, has been identified as the accounting acquiree. As ScreenPro was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company's results of operations have been included from March 5, 2021, the date of the completion of the RTO.

The listing expense related to the RTO was calculated as follows:

	<b>Amount</b>
	<b>\$</b>
Consideration	
Common shares	1,480,205
Total consideration	<u>1,480,205</u>
Identifiable assets acquired (liabilities assumed)	
Cash	30
Accounts payable and accrued liabilities	<u>(178,570)</u>
Total net liability assumed	<u>(178,540)</u>
Listing expense	<u>1,658,745</u>

On completion of the RTO, the former officers and/or directors of the Company forgave their loans in the amount of \$132,170 (note 7).

## **ScreenPro Security Inc.**

### **Notes to Condensed Consolidated Interim Financial Statements**

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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#### **GoStop Inc.**

On March 26, 2021, the Company completed the acquisition of GoStop Inc. (“GoStop”), a private COVID-19 digital passport services company, by way of a share exchange agreement (“Share Exchange Agreement”) between the Company, GoStop and GoStop shareholders. Pursuant to the terms of the Share Exchange Agreement:

The Company acquired all the issued and outstanding common shares of GoStop from the GoStop shareholders by issuing 4,000,000 units of the Company. Each unit consists of one common share of the Company and one-half of one warrant. Each warrant is exercisable to purchase one common share at a price of \$0.15 per share until September 26, 2022. The purchase price had a total fair value of \$6,895,512 calculated as follows: \$6,000,000 related to 4,000,000 common shares of the Company and \$895,512 related to 2,000,000 warrants determined by the Black-Scholes option pricing model using the following assumptions: (i) expected warrant life of 1.50 years; (ii) risk free rate of 0.17%; (iii) dividend yield of nil; and (iv) expected volatility of 62%.

The acquisition of GoStop was accounted for as an asset acquisition consistent with IFRS 2 – Shares based payments, as it did not meet the definition of a business under IFRS 3 – Business combination. During the period ended December 31, 2021, the Company recognized an intangible asset in the amount of \$2,117,600 related to GoStop’s developed technology (note 6). The difference between the purchase price and the intangible asset have been recorded as excess considered included as other expense in the Company’s profit or loss.

#### **Concierge Medical Consultants Inc.**

On November 15, 2021, the Company completed the acquisition of Concierge, a premium private medical clinic. The acquisition of Concierge expands the Company’s opportunities in the health security business. Pursuant to the Definitive Agreement, the Company was issued 3,600,000 common shares in the capital of the Company valued at \$720,000. No finder’s fee was payable in connection with the transaction.

The acquisition of Concierge was accounted for as a business combination, in which the assets acquired and the liabilities assumed are recorded at their estimated fair values.

## ScreenPro Security Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

The allocation of the purchase consideration is as follows:

	<b>Amount</b>
<b>Purchase consideration</b>	
Common shares	\$ 720,000
<b>Total</b>	<b>720,000</b>
<b>Fair value of assets acquired</b>	
Cash	117,835
Total identifiable net assets acquired	117,835
Goodwill	602,165
<b>Total</b>	<b>\$ 720,000</b>

Goodwill recognized comprises the assembled workforce and their knowledge, regulatory affairs and expected revenue growth and future market development.

#### **Add Biomedical Inc.**

In February 2022, the Company announced a proposed acquisition of Add Biomedical Inc., a biomedical screening company with the initial focus on breast cancer detection. In March 2022, the Company completed the acquisition of all of the issued and outstanding shares of Add Biomedical. Pursuant to the Share Purchase Agreement, the Company issued 33,000,000 units of the Company (note 9), each unit consisting of one common share and one common share purchase warrant. Each warrant exercisable to purchase one common share at an exercise price of \$0.15 per share for 24 months.

The purchase price had a total fair value of \$6,643,162 calculated as follows: \$4,950,000 related to 33,000,000 common shares of the Company and \$1,693,162 related to 33,000,000 warrants determined by the Black-Scholes option pricing model using the following assumptions: (i) expected warrant life of 2.00 years; (ii) risk free rate of 0.17%; (iii) dividend yield of nil; and (iv) expected volatility of 62%.

The acquisition of AddBio was accounted for as a business combination, in which the assets acquired and the liabilities assumed are recorded at their estimated fair values.

## ScreenPro Security Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

The allocation of the purchase consideration is as follows:

	<b>Amount</b>
<b>Purchase consideration (preliminary)</b>	
Common shares	\$ 4,950,000
Warrants	1,693,162
<b>Total</b>	<b>6,643,162</b>
<b>Fair value of assets acquired (preliminary)</b>	
Cash	1,069,776
Total identifiable net assets acquired	1,069,776
Goodwill	5,573,386
<b>Total</b>	<b>\$ 6,643,162</b>

Goodwill recognized comprises the assembled workforce and their knowledge, regulatory affairs and expected revenue growth and future market development.

AddBio had limited history of operations and, as a result, the Company's pro-forma information presenting the combined results as if the acquisition of AddBio was completed at the beginning of the period would not be significantly different from these results presented for the six months ended June 30, 2022.

#### **NatureVan Nutrition Ltd.**

On May 1, 2022, the Company completed the acquisition of NatureVan, an e-commerce and retail business with 22 natural health supplement products. The acquisition of NatureVan expands the Company's opportunities in the health and wellness industry. The Company was issued 25,833,331 units of the Company (note 9), each unit consisting of one common share and one common share purchase warrant. Each warrant exercisable to purchase one common share at an exercise price of \$0.07 per share for 24 months.

The purchase price had a total fair value of \$6,598,503 calculated as follows: \$650,000 paid in cash, \$1,550,000 related to 25,833,331 common shares of the Company and \$398,503 related to 25,833,331 warrants determined by the Black-Scholes option pricing model using the following assumptions: (i) expected warrant life of 2.00 years; (ii) risk free rate of 2.63%; (iii) dividend yield of nil; and (iv) expected volatility of 62%.

The acquisition of NatureVan was accounted for as a business combination, in which the assets acquired and the liabilities assumed are recorded at their estimated fair values.

## ScreenPro Security Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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The allocation of the purchase consideration is as follows:

	<b>Amount</b>
<b>Purchase consideration (preliminary)</b>	
Cash	\$ 650,000
Common shares	1,550,000
Warrants	398,503
<hr/>	
Total	2,598,503
<hr/>	
<b>Fair value of assets acquired and liabilities assumed (preliminary)</b>	
Cash	163,314
Accounts receivable and other receivables	8,900
Inventory	149,074
Prepaid expenses	2,300
Accounts payable and accrued liabilities	(5,935)
Loans payable	(499,900)
<hr/>	
Total identifiable net liabilities assumed	(182,247)
Goodwill	2,780,750
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Total	\$ 2,598,503

Goodwill recognized comprises the assembled workforce and their knowledge, regulatory affairs and expected revenue growth and future market development.

NatureVan had limited history of operations and, as a result, the Company's pro-forma information presenting the combined results as if the acquisition of NatureVan was completed at the beginning of the period would not be significantly different from these results presented for the six months ended June 30, 2022.