

Condensed Consolidated Interim Financial Statements

ScreenPro Security Inc.

For the nine month period ended September 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 September 30, 2022 \$	As at December 31, 2021 \$
ASSETS		
CURRENT		
Cash	346,609	207,789
Accounts receivable	278,628	55,450
Harmonized sales tax recoverable	111,386	43,214
Inventory <i>[note 4]</i>	480,844	2,287,874
Prepaid expenses	133,996	181,420
	1,351,463	2,775,747
DEPOSIT <i>[note 8]</i>	10,000	10,000
PROPERTY AND EQUIPMENT <i>[note 5]</i>	766,517	886,221
RIGHT-OF-USE ASSET <i>[note 8]</i>	83,491	119,929
INTANGIBLE ASSETS <i>[note 6]</i>	—	493,140
GOODWILL <i>[note 6]</i>	8,956,301	602,165
Total assets	11,167,772	4,887,202
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	6,024,159	3,920,370
Current portion of lease liabilities <i>[note 8]</i>	54,555	49,025
	6,078,714	3,969,395
LEASE LIABILITIES <i>[note 8]</i>	30,136	71,804
LOANS PAYABLE <i>[note 12]</i>	499,900	—
Total liabilities	6,608,750	4,041,199
SHAREHOLDERS' EQUITY		
Share capital <i>[note 7]</i>	17,573,403	11,073,403
Warrants reserve	3,060,997	969,332
Accumulated deficit	(16,075,378)	(11,196,732)
Total shareholders' equity	4,559,022	846,003
Total liabilities and shareholders' equity	11,167,772	4,887,202

Subsequent event (Note 13)

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 September 30, 2022 \$	For the three months ended September 30, 2021 \$	For the nine months ended September 30, 2022 \$	For the ten months ended September 30, 2021 \$
SALES	2,882,900	3,878,868	11,203,259	16,256,634
COST OF SALES	(3,163,589)	(2,145,102)	(10,030,368)	(12,814,170)
GROSS PROFIT	(280,689)	1,733,766	1,172,891	3,442,464
EXPENSES				
Depreciation [note 5]	142,416	88,487	919,301	224,913
General and administrative	245,542	172,505	747,905	943,794
Marketing	113,011	3,554	168,637	206,824
Professional services	830,521	512,288	3,095,269	1,985,391
Research and development	—	5,000	—	49,835
Salaries [note 6]	397,785	227,644	1,120,425	709,354
	1,729,275	1,009,478	6,051,537	4,120,111
INCOME (LOSS) BEFORE OTHR ITEMS	(2,009,964)	724,288	(4,878,646)	(677,647)
Gain on settlement of liabilities	—	—	—	143,936
Listing expense [note 10]	—	—	—	(3,155,025)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(2,009,964)	724,288	(4,878,646)	(3,688,736)
Basic and diluted earnings per share	(0.02)	0.02	(0.06)	(0.12)
Weighted average number of common shares - basic and diluted	100,472,247	38,038,940	81,480,185	30,260,190

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

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 \$
Balance, November 30, 2020	5,277,500	1,915,117	19,575	(1,040,231)	894,461
Issurance of common shares <i>[note 9]</i>	716,699	1,050,049	—	—	1,050,049
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	—	—	2,976,486
Shares issued for acquisition <i>[notes 9 and 12]</i>	4,000,000	4,400,000	—	—	4,400,000
Shares issued for warrant exercises	79,159	21,028	—	—	21,028
Share issue costs	—	(111,922)	53,245	—	(58,677)
Net loss for the period	—	—	—	(3,688,736)	(3,688,736)
Balance, September 30, 2021	38,038,916	10,250,758	72,820	(4,728,967)	5,594,611
Balance, December 31, 2021	41,638,916	11,073,403	969,332	(11,196,732)	846,003
Units issued for acquisitions <i>[notes 9 and 12]</i>	58,833,331	6,500,000	2,091,665	—	8,591,665
Net loss for the period	—	—	—	(4,878,646)	(4,878,646)
Balance, September 30, 2022	100,472,247	17,573,403	3,060,997	(16,075,378)	4,559,022

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

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

	For the nine months ended September 30, 2022 \$	For the ten months ended September 30, 2021 \$
OPERATING ACTIVITIES		
Net loss	(4,878,646)	(3,688,736)
Items not affecting cash:		
Accretion and interests	9,462	—
Depreciation	919,301	224,913
Gain on settlement of liabilities	—	(143,936)
Listing expense	—	3,155,025
Changes in non-cash working capital balances:		
Accounts receivable	(216,082)	(158)
Harmonized sales tax recoverable	(66,368)	(37,414)
Inventory	1,956,104	(3,413,361)
Prepaid expenses	49,724	(180,050)
Accounts payable and accrued liabilities	2,097,854	3,513,089
Cash (used in) provided by operating activities	(128,651)	(570,628)
INVESTING ACTIVITIES		
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)	(763,526)
Cash provided by (used in) investing activities	313,071	(763,496)
FINANCING ACTIVITIES		
Shares issued for cash, net of share issue costs	—	1,012,400
Share subscription received	—	25,000
Lease payments	(45,600)	—
Cash (used in) provided by financing activities	(45,600)	1,037,400
INCREASE (DECREASE) IN CASH	138,820	(296,724)
CASH - BEGINNING OF PERIOD	207,789	446,077
CASH - END OF PERIOD	346,609	149,353
Supplementary cash flow information		
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 nine months ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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 nine months ended September 30, 2022, the Company incurred a loss of \$4,878,646 and, as of that date, the Company had accumulated deficit of \$16,075,378 and a working capital deficit of \$4,727,251. 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.

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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 nine months ended September 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 November 24, 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:

Name of the entity	Jurisdiction of incorporation	Functional currency	Principal activity
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.

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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

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(Unaudited)

4. INVENTORY

	As at September 30, 2022	As at December 31, 2021
	\$	\$
Covid-19 test kits under laboratory testing	300,615	2,287,874
NatureVan – finished goods	180,229	-
	480,844	2,287,874

The cost of inventory included in the cost of sales was \$3,773,080 (2021 - \$11,085,341).

5. PROPERTY AND EQUIPMENT

	Equipment \$	Vehicles \$	Total \$
Cost:			
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
As at September 30, 2022	1,155,945	384,011	1,539,956
Accumulated depreciation:			
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	274,264	115,459	389,723
As at September 30, 2022	585,767	187,672	773,439
Net book value:			
As at December 31, 2021	726,663	159,558	886,221
As at September 30, 2022	570,178	196,339	766,517

ScreenPro Security Inc.

Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited)

6. INTANGIBLE ASSET AND GOODWILL

	Developed technologies	Goodwill	Total
	\$	\$	\$
Cost:			
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
As at September 30, 2022	2,117,600	8,956,301	11,073,901
Accumulated depreciation:			
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
As at September 30, 2022	2,117,600	—	2,117,600
Net book value:			
As at December 31, 2021	493,140	602,165	1,095,305
As at September 30, 2022	—	8,956,301	8,956,301

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(Unaudited)

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:

	For the nine months ended September 30, 2022 \$	For the ten months ended September 30, 2021 \$
Salaries paid to current and former officers and directors	488,333	254,645
Consulting fees paid to current and former officers and directors	834,500	-

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

	\$
Balance at May 6, 2020 and November 30, 2020	-
Addition	153,309
Amortization charge for the period	(33,380)
Balance at December 31, 2021	<u>119,929</u>
Amortization charge for the period	(36,438)
Balance at September 30, 2022	<u>83,491</u>

ScreenPro Security Inc.

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Lease liability

	\$
Balance at May 6, 2020 and November 30, 2020	-
Addition	153,309
Accretion on lease liability	12,520
Lease payments	(45,000)
Balance at December 31, 2021	120,829
Accretion on lease liability	9,462
Lease payments	(45,600)
Balance at September 30, 2022	84,691
Classified as current	54,555
Classified as non-current	30,136

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	\$15,300
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.

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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.

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Warrants

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

	Number of warrants	Weighted average exercise price
Balance, May 6, 2020 and November 30, 2020	-	-
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
Balance, December 31, 2021	2,205,754	\$1.40
AddBio acquisition (note 12)	33,000,000	\$0.15
NatureVan acquisition (note 12)	25,833,331	\$0.07
GoStop warrants expired	(2,000,000)	\$1.50
Balance, September 30, 2022	59,039,085	\$0.12

As at September 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
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.

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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.

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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. At September 30, 2022, the Company had a working capital deficiency of \$4,727,251 (December 31, 2021 – working capital deficiency of \$1,193,648) and, as a result, the Company will need additional financing in the future.

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 September 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.

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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:

	Amount
	\$
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.

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(Expressed in Canadian Dollars)

(Unaudited)

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 nine months ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

The allocation of the purchase consideration is as follows:

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

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 nine months ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

The allocation of the purchase consideration is as follows:

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

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 nine months ended September 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 nine months ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

The allocation of the purchase consideration is as follows:

	Amount
Purchase consideration (preliminary)	
Cash	\$ 650,000
Common shares	1,550,000
Warrants	398,503
Total	2,598,503
Fair value of assets acquired and liabilities assumed (preliminary)	
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)
Total identifiable net liabilities assumed	(182,247)
Goodwill	2,780,750
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 nine months ended September 30, 2022.

13. SUBSEQUENT EVENT

On November 23, 2022, a total of 74,080 warrants, with an exercise price of \$0.20 per share, expired unexercised.