TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)

Consolidated Financial Statements

For the years ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tevano Systems Holdings Inc. (formerly known as RBI Ventures Ltd.)

Opinion

We have audited the accompanying consolidated financial statements of Tevano Systems Holdings Inc. (formerly known as RBI Ventures Ltd.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a working capital of $368,427 as at June 30, 2021 and, as of that date, the Company had an accumulated deficit of $12,879,472. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

October 28, 2021

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at June 30, 2021 and 2020
(Expressed in Canadian dollars)

	Note	**June 30, 2021**	June 30, 2020
ASSETS		**$**	$
Current			
Cash		**677,976**	2,337,556
Inventory	5	**132,528**	-
Deposit		**-**	15,000
Receivables	18(a)	**39,742**	28,266
Prepaid expenses	6	**728,357**	50,346
Total current assets		**1,578,603**	2,431,168
Deferred share issue cost	14	**-**	200,000
Property and equipment	7	**35,990**	94,216
Total assets		**1,614,593**	2,725,384
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	**582,379**	951,189
Derivative liabilities	12	**591,994**	-
Current portion of lease liability	9	**35,803**	55,149
Current portion of convertible promissory note	10	**-**	458,009
Total current liabilities		**1,210,176**	1,464,347
Lease liability	9	**-**	36,657
Convertible promissory note	10	**154,128**	-
Convertible note	11	**461,874**	-
Promissory note	13	**525,113**	486,600
Total liabilities		**2,351,291**	1,987,604
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	14	**10,235,824**	2,679,948
Reserves	13,14	**1,846,049**	250,106
Share subscription deposit	14	**25,000**	2,028,500
Accumulated other comprehensive income (loss)		**35,901**	(4,792)
Deficit		**(12,879,472)**	(4,215,982)
Total shareholders' equity (deficiency)		**(736,698)**	737,780
Total liabilities and shareholders' equity (deficiency)		**1,614,593**	2,725,384

Nature and continuance of operations (note 1)
Commitments (note 18)
Events after the reporting period (note 22)

Approved and authorized for issue on behalf of the Board on October 28, 2021

"David Bajwa"
Director and CEO

"Eugene Hodgson"
Director and CFO

The accompanying notes are an integral part of these consolidated financial statements.

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended June 30, 2021, and 2020
(Expressed in Canadian dollars)

	Note	**2021**	2020
		$	$
Revenue		**74,294**	-
Cost of sales		**(69,592)**	-
Gross profit		**4,702**	**-**
Operating expenses			
Amortization	7	**60,489**	58,648
Consulting fees		**730,089**	443,123
Exchange fees		**33,394**	-
Investor relations		**796,357**	-
Marketing		**281,294**	169,219
Office		**199,871**	88,673
Professional fees		**985,304**	194,266
Rent		**6,110**	3,807
Legal provision		**-**	242,421
Salaries		**11,114**	134,052
Share based compensation	14	**819,981**	-
Technology development	15	**1,658,929**	307,895
Travel		**128,522**	102,368
Total operating expenses		**5,711,454**	1,744,472
Loss from operations		**5,706,752**	1,744,472
Accretion	10,11,13	**131,868**	75,065
Foreign exchange loss (gain)		**83,282**	(26,614)
Gain on debt settlement	8,16	**(99,677)**	-
Gain on change in fair value of derivative liabilities	12	**(27,209)**	-
Gain on debt modification	10	**(80,204)**	-
Interest on lease liability	9	**9,309**	17,258
Inventory impairment	5	**657,941**	-
Listing expense	4	**2,312,988**	-
Other income		**(31,560)**	(52,226)
Net loss		**(8,663,490)**	(1,757,955)
Foreign currency translation adjustment		**40,693**	(6,657)
Comprehensive loss		**(8,622,797)**	(1,764,612)
Net loss per share			
Basic and diluted		**(0.15)**	(0.05)
Weighted average number of common shares outstanding			
Basic and diluted		**57,841,200**	34,935,607

The accompanying notes are an integral part of these consolidated financial statements.

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2021, and 2020
(Expressed in Canadian dollars)

	Note	**2021**	2020
		$	$
Operating Activities			
Net loss		**(8,663,490)**	(1,757,955)
Adjustments to non-cash items:			
Amortization	7	**60,489**	58,649
Shares issued for services	14	**489,301**	-
Shares returned to treasury	14	**(244,351)**	-
Share based compensation	14	**819,981**	-
Technology development		**1,170,519**	-
Accretion	10,11,13	**131,868**	75,065
Unrealized foreign exchange		**10,697**	-
Gain on debt settlement	8	**(99,677)**	-
Gain on change in fair value of derivative liabilities	12	**(27,209)**	-
Gain on debt modification	10	**(80,204)**	-
Interest on lease liability	9	**9,309**	17,258
Inventory impairment	5	**657,941**	-
Listing expense	4	**2,312,988**	-
Changes in non-cash working capital items:			
Inventory		**(132,528)**	-
Deposit		**15,000**	(15,000)
Receivables		**(8,060)**	(27,790)
Prepaid expenses		**(712,234)**	(20,953)
Accounts payable and accrued liabilities		**(1,095,500)**	207,091
Cash used in operating activities		**(5,385,160)**	(1,463,635)
Investing Activities			
Cash acquired in reverse takeover	4	**6,308**	-
Property and equipment	7	**(1,027)**	(1,712)
Cash provided by (used in) investing activities		**5,281**	(1,712)
Financing Activities			
Share subscription deposit		**-**	2,028,500
Common shares issued for cash – private placement		**3,097,500**	1,587,500
Special warrants issued for cash		**500,000**	-
Warrants exercised		**275,000**	275,000
Share issuance costs		**(126,346)**	(31,719)
Lease payment		**(66,548)**	(71,443)
Cash provided by financing activities		**3,679,606**	3,787,838
Effect of foreign exchange on cash		**40,693**	(2,007)
Change in cash during the year		**(1,659,580)**	2,320,484
Cash, beginning of year		**2,337,556**	17,072
Cash, end of year		**677,976**	2,337,556

Supplemental cash flow information:

During the year ended June 30, 2021:

- The Company issued 1,000,000 common shares of the Company at $0.20 per share for a total value of $200,000 to settle outstanding payable (note 14) of $165,000, resulting in a loss on debt settlement of $34,224.
- The Company settled payables relating to a consultant, resulting in a gain on debt settlement of $94,386.
- The Company settled payables relating to a consultant, resulting in a gain on debt settlement of $39,514.
- The Company issued 2,441,820 common shares at a fair value of $508,696 for a conversion of a convertible note.
- The Company issued 995,248 common shares at a fair value of $507,576 and 1,000,000 warrants at a fair value of $370,444 relating to a reverse takeover.
- For the years ended June 30, 2021, and 2020, there was no interest paid in cash and no income taxes paid in cash.

The accompanying notes are an integral part of these consolidated financial statements.

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Number of common shares	**Issued capital**	**Reserves**	**Obligation to issue common shares**	**Share subscription deposits**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total shareholders' equity (deficiency)**
	#	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance, June 30, 2019	27,259,998	721,327	248,746	129,200	-	1,865	(2,454,016)	(1,352,878)
Application of IFRS 16	-	-	-	-	-	-	(4,011)	(4,011)
Adjusted balance, June 30, 2019	27,259,998	721,327	248,746	129,200	-	1,865	(2,458,027)	(1,356,889)
Shares issued - private placement	7,937,500	1,587,500	-	-	-	-	-	1,587,500
Warrants exercised	3,333,332	275,000	-	-	-	-	-	275,000
Shares issued for services	3,706,667	129,200	-	(129,200)	-	-	-	-
Warrants issued for share issuance costs	-	(1,360)	1,360	-	-	-	-	-
Share issue costs	-	(31,719)	-	-	-	-	-	(31,719)
Share subscription deposits	-	-	-	-	2,028,500	-	-	2,028,500
Foreign currency translation adjustment	-	-	-	-	-	(6,657)	-	(6,657)
Net loss for the year	-	-	-	-	-	-	(1,757,955)	(1,757,955)
Balance, June 30, 2020	42,237,497	2,679,948	250,106	-	2,028,500	(4,792)	(4,215,982)	737,780
Shares issued - private placement	25,630,000	5,126,000	-	-	(2,028,500)	-	-	3,097,500
Shares returned to treasury	(974,921)	(244,351)	-	-	-	-	-	(244,351)
Shares issued in the Transaction (note 4)	995,248	507,576	-	-	-	-	-	507,576
Warrants exercised	2,333,333	275,000	-	-	-	-	-	275,000
Shares issued as finder's fee	2,000,000	1,020,000	-	-	-	-	-	1,020,000
Warrants issued as part the Transaction (note 4)	-	-	370,444	-	-	-	-	370,444
Special Warrants issued - private placement	-	-	500,000	-	-	-	-	500,000
Shares issued for services	419,501	489,301	-	-	-	-	-	489,301
Share issue costs	-	(326,346)	-	-	-	-	-	(326,346)
Share subscription deposits	-	-	-	-	25,000	-	-	25,000
Share based compensation	-	-	819,980	-	-	-	-	819,980
Debt settlement with shares	1,000,000	200,000	-	-	-	-	-	200,000
Conversion of convertible promissory note	2,441,820	508,696	(94,481)	-	-	-	-	414,215
Foreign currency translation adjustment	-	-	-	-	-	40,693	-	40,693
Net loss for the year	-	-	-	-	-	-	(8,663,490)	(8,663,490)
Balance, June 30, 2021	**76,082,478**	**10,235,824**	**1,846,049**	**-**	**25,000**	**35,901**	**(12,879,472)**	**(736,698)**

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature and continuance of operations

Tevano Systems Holdings Inc. (the "Company") (formerly known as "RBI Ventures Ltd." or "RBI") was incorporated under the laws of British Columbia, Canada on March 23, 2000. The Company's head office and principal address is Suite 1303 - 1030 West Georgia Street, Vancouver, BC V6E 2Y3. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "TEVO" and on the Frankfurt exchange under the symbol "7RB".

Reverse takeover

Tevano Systems Inc. ("Tevano") (formerly Tevano Payment Systems Inc.) was incorporated on April 12, 2018, under the laws of British Columbia. Tevano is in the business of designing, developing, marketing, and selling self-service kiosks for non-physical contact monitoring, testing temperatures, and dispensing hand sanitizer for the post COVID-19 environment.

On September 21, 2020, RBI announced that it entered into an amalgamation agreement dated September 17, 2020 (the "Amalgamation Agreement") with 1251858 B.C. Ltd., a newly incorporated subsidiary of RBI ("SubCo"), and Tevano. Pursuant to the Amalgamation Agreement, RBI acquired all of the issued and outstanding securities of Tevano in exchange for securities of RBI (the "Transaction"), carried out by way of a three-cornered amalgamation. As a result of the Transaction, the Company continued with the business of Tevano. Tevano is arm's length to RBI.

Effective March 15, 2021, the Transaction closed whereby Tevano issued 995,248 common shares to RBI's shareholders (note 4). Additionally, Tevano issued 2,000,000 common shares, 1,000,000 warrants, and $200,000 to an arm's length Finder that facilitated the Transaction. Concurrent with the closing of the Transaction, the Company's common shares were listed on the CSE on March 19, 2021.

Management determined that the Transaction constituted a reverse acquisition for accounting purposes whereby Tevano acquired the Company. For accounting purposes, Tevano is treated as the accounting acquirer (legal subsidiary), and the Company is treated as the accounting acquiree (legal parent) in these consolidated financial statements. As Tevano was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these financial statements at their historical carrying values. The Company's results of operations are included from the transaction date, March 15, 2021. The comparative figures are those of Tevano prior to the reverse acquisition.

Going concern

These consolidated financial statements ("financial statements") have been prepared using accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its obligations for the foreseeable future.

As at June 30, 2021, the Company has working capital of $368,427 (June 30, 2020 - $966,821), has not yet achieved profitable operations, and has an accumulated deficit of $12,879,472 (June 30, 2020 - $4,215,982). This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to ensure continuing operations is dependent on the Company's ability to raise sufficient funds to finance development activities and generate sales. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which may differ materially from their carrying values. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities as it can result in operating, supply chain and project development delays that can materially adversely affect the operations of the Company. The Company's revenues and cash flows from operations are dependent upon the market for, and attitudes toward adoption of the Company's Health Shield product. Uncertainty regarding the future sales of the Health Shield product may result in a material adverse impact on the Company's results of operations, financial condition. The extent to which the coronavirus may positively or negatively impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. Basis of presentation and critical accounting estimates, judgments, and assumptions

Statement of compliance

The consolidated financial statements were approved and authorized for issuance on October 28, 2021 by the directors of the Company.

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except cash flow information.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Tevano USA Inc., and Tevano Systems Inc. All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company. The Company's subsidiary, Tevano USA Inc., has the United States dollar as its functional currency.

Critical accounting estimates, judgments, and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Provisions

Provisions recognized in the financial statements involve judgements on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cashflows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

Estimated useful life, depreciation, and amortization

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment or amortization of intangibles for any period are affected by these estimated useful lives. The estimates are reviewed annually and updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future.

2. Basis of presentation and critical accounting estimates, judgments, and assumptions (continued)

Share-based compensation

The Company determines the fair value of share-based compensation granted using the Black Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and underlying assumption used to develop them can materially affect the fair value estimate.

In situations where share option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received

Derivative liabilities

Derivative liabilities are initially measured at fair value using the Black-Scholes option pricing model using observable market data at the date of grant. The Black-Scholes option pricing model utilizes certain subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate. Derivative liabilities are re-measured at their fair value at each reporting period end.

Derivative liabilities associated with the conversion features of the convertible promissory note and convertible note are re-measured on such date that the conversion feature is exercised. Upon exercise of a conversion feature, the fair value of the derivative liability and the carrying value of the debt are de-recognized and are allocated to equity.

Income taxes

The provision for income taxes and composition of income tax assets and liabilities require management's judgement. The application of income tax legislation also requires judgement in order to interpret legislation and apply those findings to the Company's transactions.

3. Significant accounting policies

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the Company's business model for managing the financial assets and terms of the related cashflow. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTOCI.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Transaction costs are netted against financial assets and are accounted for using the effective interest method. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets carried at amortized cost include cash and receivables.

(Expressed in Canadian dollars, except where noted)

3. Significant accounting policies (continued)

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss. The conversion features of the convertible promissory note and convertible note are derivative liabilities and are measured at FVTPL.

Amortized cost - This category includes accounts payables and accrued liabilities, lease liability, convertible promissory note (non-derivative portion) and convertible note (non-derivative portion). These liabilities are measured at amortized cost using the effective interest rate method.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual value method. Proceeds are first allocated to shares according to their fair value and any residual in the proceeds is allocated to the warrants. During the periods presented in these consolidated financial statements, the warrants issued as part of unit placements have had values of $nil.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Furniture and equipment	5 years
Computer hardware	3 years

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate.

Revenue and other income

IFRS 15, Revenue from contracts with customers ("IFRS 15") specifies how and when to recognize revenue, based on a five-step model, and enhances relevant disclosures to be applied to all contracts with customers. To recognize revenue under IFRS 15, the Company applies the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as the Company satisfies a performance obligation.

For the year ended June 30, 2021, the Company has earned revenue through the sales of its Health Shield product. The Company considers its performance obligation with customers to have been satisfied once shipment of the Health Shield product to customers has been completed.

For the year ended June 30, 2021, the Company has earned incidental revenue from commission through a partnership with a payment processing company. This commission was generated based on the number of purchase transactions made through Company-owned kiosks in dispensaries. The total incidental income for the year ended June 30, 2021 was $31,560 (2020 - $52,226).

The Company does not provide a warranty on sales of its products and as such does not record a warranty provision.

3. Significant accounting policies (continued)

Technology development

Research costs are expensed in the year incurred. Development costs include all expenditures considered directly attributable to efforts by the Company to develop, and bring to commercial production, a new product. Such amounts are charged as an expense in the period incurred except in circumstances where the product or process is clearly defined and the costs attributable thereto can be identified, the technical feasibility has been established, management has indicated its intention to produce and market the product, the future market is clearly defined, adequate resources are available, and recovery of development costs can reasonably be regarded as assured, in which case such costs are capitalized. For the years ended June 30, 2021 and June 30, 2020, software research and development costs were expensed.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed at which time they are reclassified as share issuance costs. If an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Share-based compensation

The Company applies the fair value method of accounting for share option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee share option awards, based on the grant date fair value, for each vesting instalment, over the vesting period of the options. Each instalment is valued separately, based on assumptions determined from historical reference and recognized as compensation expense over each instalment's individual tranche vesting period, which results in a corresponding increase in equity (reserves). Forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods.

In situations where share option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Upon the exercise of share options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred income tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred taxes are recorded using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that the substantive enactment or enactment occurs. Deferred tax assets are recognized only to the extent it is probable that future taxable profits will be available against which the asset can be utilized.

3. Significant accounting policies (continued)

Leases

i. *Identifying whether a contract includes a lease*

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, whether the Company obtains substantially all of the economic benefits and who has the right to direct the use of that asset.

ii. *Incremental borrowing rate*

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statement of loss and comprehensive loss.

iii. *Estimate of lease term*

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

Per share amounts

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of share options and warrants are used to repurchase common shares at the prevailing market rate. Diluted earnings (loss) per share is equal to the basic earnings (loss) per share as the outstanding options, convertible promissory note, convertible note, promissory note, and warrants are anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Foreign Currencies

i. *Functional and presentation currency*

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates" ("IAS 21"). The functional currency of the Company and its subsidiaries is included within note 2.

ii. *Translation of foreign transactions and balances into the functional currency*

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historic rates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

3. Significant accounting policies (continued)

iii. Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency than the Company are translated to Canadian dollars at appropriate average rates of exchange during the period. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of the foreign operation to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment.

Recent accounting pronouncements

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

4. Reverse takeover

Upon the closing of the Transaction on March 15, 2021, outlined in note 1, the following occurred:

- Tevano issued 995,248 common shares of the Company to RBI's shareholders at the fair value of $0.51 per common share for a total fair value of $507,576.
- Tevano issued 2,000,000 common shares as finder's fees relating to the Transaction. The Finder's shares were valued at $1,020,000 at the fair value of $0.51 per common share.
- Tevano issued 1,000,0000 warrants as finder's fees relating to the Transaction. The warrants were valued using the Black-Scholes pricing model, at a fair value of $370,444. The warrants were valued with the following assumptions: an exercise price of $0.20 per warrant, an expiry period of two years after issuance, 100% volatility, risk-free rate of 0.23%, and a dividend rate of nil.
- Tevano paid the finder a cash fee of $200,000 in relation to the Transaction.
- Tevano incurred $67,750 in listing expense prior to the closing of the Transaction and the amount is allocated as part of the consideration.
- Tevano completed a concurrent financing prior to the Transaction whereby the Company issued 25,880,000 common shares of the Company for gross proceeds of $5,126,000 (note 14).

As a result of the Transaction, Tevano obtained control of the Company and is considered to have acquired the Company. The Transaction constituted a reverse takeover acquisition ("RTO") of the Company by Tevano and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments, and IFRS 3, Business Combinations. As the Company did not qualify as a business in accordance with the definition of IFRS 3, the RTO does not constitute a business combination. Rather, it is treated as an issuance of common shares by Tevano for the net assets of the Company and its public listing, with Tevano as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction.

For accounting purposes, Tevano is treated as the accounting parent (legal subsidiary) and the Company as the accounting subsidiary (legal parent). The fair value of the consideration paid by Tevano, net of transaction costs, less the fair value of net assets of the Company acquired by Tevano constitutes the listing expense and has been recorded in the statement of loss and comprehensive loss. These consolidated financial statements reflect the assets, liabilities, and operations of Tevano since its incorporation and the Company from March 15, 2021.

(Expressed in Canadian dollars, except where noted)

4. Reverse takeover (continued)

	March 15, 2021
	$
Purchase price:	
Fair value of RBI common shares	507,576
Fair value of Tevano common shares	1,020,000
Fair value of Tevano warrants	370,444
Cash fee paid to Finder	200,000
Transaction costs	67,750
Total consideration	**2,165,770**
Net liabilities acquired:	
Cash	6,308
Receivables	3,416
Accounts payable and accrued liabilities	(7,735)
Loan from Tevano (1)	(149,207)
Total net liabilities	**(147,218)**
Listing expense	**2,312,988**

(1) As at June 30, 2021, the loan from Tevano is reclassified as intercompany loan and is eliminated on consolidation.

5. Inventory

	June 30, 2021	June 30, 2020
	$	$
Tablet computers	**132,528**	-
Total	**132,528**	-

During the year ended June 30, 2021, the Company recognized impairment of $657,941, of which $8,266 resulted from physical damage and $649,675, resulted from inventory being adjusted to its estimated net realizable value.

6. Prepaid expenses

	June 30, 2021	June 30, 2020
	$	$
Legal and professional retainers	**165,237**	12,188
Marketing and investor relations	**212,125**	-
Security deposit - lease	**11,633**	17,932
Insurance	**106,135**	681
Prepaid lease liability	**-**	12,446
Deposit on technology development (1)	**232,301**	-
Other prepaid expenses	**926**	7,099
Total	**728,357**	50,346

(1) The deposit on technology development was paid to Nevatronix LLC, a related party of Tevano due to common directorship.

(Expressed in Canadian dollars, except where noted)

7. Property and equipment

	Right of use assets	Computer hardware	Furniture and fixtures	Total
	$	$	$	$
Cost				
At June 30, 2019	-	-	10,192	10,192
Adoption of IFRS 16	168,157	-	-	168,157
Additions	1,849	1,712	-	3,561
At June 30, 2020	170,006	1,712	10,192	181,910
Additions	1,236	1,027	-	2,263
At June 30, 2021	**171,242**	**2,739**	**10,192**	**184,173**
Amortization				
At June 30, 2019	-	-	1,019	1,019
Adoption of IFRS 16	28,026	-	-	28,026
Amortization	56,515	95	2,039	58,649
At June 30, 2020	84,541	95	3,058	87,694
Amortization	57,614	837	2,038	60,489
At June 30, 2021	**142,155**	**932**	**5,096**	**148,183**
Net book value:				
At June 30, 2020	85,465	1,617	7,134	94,216
At June 30, 2021	**29,087**	**1,807**	**5,096**	**35,990**

8. Accounts payable and accrued liabilities

	June 30, 2021	June 30, 2020
	$	$
Trade payables [(1)]	**415,871**	591,148
Technology development payable [(2)]	**74,035**	44,943
Accrued liabilities	**92,473**	315,098
Total	**582,379**	951,189

(1) During the year ended June 30, 2021, the Company recorded a gain on debt settlement of $99,677 (2020 - $nil) related to amounts forgiven by consultants.

(2) Technology development cost payable is due to related party vendors, Nevatronix LLC (“Nevatronix”) and INEX USA Inc (“INEX”), for hardware engineering and development services related to the advancement and improvement of the Company’s proprietary payment solution pursuant to contribution agreements. Nevatronix is a related party due to common directorship.

9. Lease liability

	June 30, 2021	June 30, 2020
	$	$
Balance, beginning of the year	**91,806**	144,142
Additions	**1,236**	1,849
Interest expense	**9,309**	17,258
Lease payments	**(66,548)**	(71,443)
Balance, end of year	**35,803**	91,806
Less: Current portion of lease liability	**(35,803)**	(55,149)
Lease liability	**-**	36,657

The lease liability relates to the lease of the Company’s head office.

(Expressed in Canadian dollars, except where noted)

10. Convertible promissory note

	June 30, 2021	June 30, 2020
	$	$
Balance, beginning of the year	**458,009**	421,563
Issuance of INEX convertible promissory note	**119,598**	-
Accretion	**73,896**	36,446
Effects of debt modification on Nevatronix note	**(80,204)**	-
Conversion of Nevatronix note to equity	**(417,171)**	-
Balance, end of year	**154,128**	458,009

On October 26, 2018, pursuant to a contribution agreement between Nevatronix and the Company, in which Nevatronix transferred to the Company its entire right, title, and interest (including all intellectual property rights) in and to certain of Nevatronix's proprietary hardware, firmware, know-how and other technologies relevant to the development of the Company's proprietary payment solution, the Company agreed to pay consideration of $620,924 to Nevatronix, due on or before October 26, 2020. In relation to the consideration, the Company issued a non-interest bearing convertible promissory note, maturing on October 26, 2020, convertible at $0.10 per share. On initial recognition, the Company discounted the face value of the convertible promissory note at a market interest rate of 8%, resulting in $91,527 being recorded to reserves to recognize the equity component using the residual value method. On October 13, 2020, the Company amended this agreement to extend the maturity from October 26, 2020, to January 10, 2023. As a result of the amendment, the convertible promissory note was extinguished and recorded at the present value on the date of amendment. As a result, the Company recognized a gain on debt modification of $80,204.

On January 5, 2021, this agreement was amended to revise the conversion price to $0.20 per share and on February 8, 2021, Nevatronix exercised its conversion right and converted the note for an aggregate of 2,441,820 common shares (note 14).

Nevatronix is a related party due to common directorship.

INEX convertible promissory note

On October 13, 2020, the Company issued a convertible promissory note for $263,019 to INEX for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution, separate from the promissory note issued on December 3, 2018 (note 13). The promissory note is interest-free and repayable on the earlier of (i) two years after the shares are publicly traded on a Canadian or U.S securities exchange; or (ii) January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note is convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.20 per common share and (ii) the ten-day weighted average price per share if traded on a securities exchange.

On initial recognition, the Company determined that the INEX convertible promissory note's conversion feature is a derivative liability that must be accounted for as a separate liability measured at fair value (note 12) as the number of potential common shares to be issued is contingent on the variable share price of the Company. The convertible promissory note was measured as the residual liability after calculating the fair value of the derivative liability and is subsequently measured at amortized cost.

INEX is a related party due to common directorship.

11. Convertible note

	June 30, 2021	June 30, 2020
	$	$
Balance, beginning of the year	**-**	-
Issuance of INEX convertible note	**431,718**	-
Accretion	**19,459**	-
Foreign exchange loss	**10,697**	-
Convertible note	**461,874**	-

11. Convertible note (continued)

On May 19, 2021, the Company issued a convertible note of $907,500 (US$750,000) to INEX USA as part of an asset purchase agreement in which the Company acquired the rights, titles, and interest to the software, Health Shield, from INEX. The convertible note has a maturity date of May 19, 2023, with a conversion price equal to the three-day weighted average price per share for the three days immediately prior to the conversion in the amount and number of such shares equal to the principal amount of convertible note.

On initial recognition, the Company determined that the convertible note's conversion feature is a derivative liability that must be accounted for as a separate liability measured at fair value (note 12) as the number of potential common shares to be issued is contingent on the variable share price of the Company and fluctuations in foreign exchange rates as the note must be settled in US dollars. The convertible note was measured as the residual liability after calculating the fair value of the derivative liability and is subsequently measured at amortized cost.

12. Derivative liabilities

	June 30, 2021	June 30, 2020
	$	$
Balance, beginning of the year	**-**	-
Issuance of INEX convertible promissory note	**143,421**	-
Issuance of INEX convertible note	**475,782**	-
Gain on change in fair value of derivative liabilities	**(27,209)**	-
Derivative liabilities	**591,994**	-

Convertible promissory note

Upon the issuance of the INEX convertible promissory note (note 10), the Company measured the fair value of the derivative liability using a Black-Scholes option pricing model. The Company determined that the fair value at initial recognition was $143,421 using the following assumptions:

Risk-free interest rate	0.31%
Share price	0.20
Exercise price	0.20
Expected life	2.22 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

The fair value was subsequently re-measured at June 30, 2021 to be $116,963 using the following assumptions:

Risk-free interest rate	0.87%
Share price	0.25
Exercise price	0.26
Expected life	1.51 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

As a result of the change in fair value, the Company recognized a gain on change in fair value of derivative liability of $26,458 for the year ended June 30, 2021.

(Expressed in Canadian dollars, except where noted)

12. Derivative liabilities (continued)

Convertible note

Upon the issuance of the convertible note (note 11), the Company measured the fair value of the derivative liability using a Black-Scholes option pricing model. The Company determined that the fair value at initial recognition was $475,782 using the following assumptions:

Risk-free interest rate	0.79%
Share price	0.60
Exercise price	0.60
Expected life	2.00 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

The fair value of the convertible note conversion feature was subsequently re-measured at June 30, 2021 to be $475,031 using the following assumptions:

Risk-free interest rate	0.87%
Share price	0.25
Exercise price	0.25
Expected life	1.88 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

As a result of the change in fair value, the Company recognized a gain on change in fair value of derivative liability of $751 for the year ended June 30, 2021.

13. Promissory note

	June 30, 2021	June 30, 2020
	$	$
Balance, beginning of the year	**486,600**	447,981
Accretion	**38,513**	38,619
Promissory note	**525,113**	486,600

On December 3, 2018, pursuant to a contribution agreement, the Company issued a promissory note for $583,147 to INEX for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution (note 11). The promissory note is interest-free and repayable on January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note is convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.03 ($0.02 prior to consolidation) per common share or (ii) the thirty-day weighted average price of the common shares if the Company is listed on a designated stock exchange.

On initial recognition, the Company discounted the face value of the promissory note payable at a market interest rate of 8%, and $157,219 was recorded as interest benefit in reserves. Subsequent measurement of the promissory note is at amortized cost.

14. Share capital

(a) Authorized:

Unlimited common shares without par value.

(b) Issued - common shares

During the year ended June 30, 2021, the Company completed the following transactions:

On June 16, 2021, in relation to an amended consulting agreement, 208,254 common shares of the Company with a fair value of $244,351 were returned to treasury. The fair value of returned shares was treated as a reduction of consulting expenses in the consolidated statements of loss and comprehensive loss.

On May 14, 2021, 69,418 common shares with a fair value of $51,369 were issued to two consultants of the Company for services rendered. The consultants are related parties of the Company.

On May 14, 2021, 2,993 common shares with a fair value of $599 were issued to a consultant of the Company as a commission payment.

On April 16, 2021, 347,090 common shares with a fair value of $437,333 were issued to two consultants for services rendered. The consultants are related parties of the Company.

On March 22, 2021, pursuant to warrants exercised, the Company issued 666,667 common shares of the Company at $0.15 per share for gross proceeds of $100,000.

On March 22, 2021, pursuant to warrants exercised, the Company issued 1,000,000 common shares of the Company at $0.075 per share for gross proceeds of $75,000.

On March 15, 2021, as a concurrent private placement to the Transaction, the Company issued 2,500,000 common shares of the Company at $0.20 per share for gross proceeds of $500,000.

On March 15, 2021, pursuant to the closing of the Transaction, the Company issued 995,248 common shares of the Company to the shareholders of RBI at a fair value of $0.51 per share for total fair value of $507,576. The Company issued 2,000,000 common shares of the Company to the finder of the Transaction at a fair value of $0.51 per share for total fair value of $1,020,000.

On March 2, 2021, the Company issued 750,000 common shares of the Company at $0.20 per share for gross proceeds of $150,000.

On February 17, 2021, Company issued 4,375,000 common shares of the Company at $0.20 per share for gross proceeds of $875,000.

On February 8, 2021, Company issued 1,450,000 common shares of the Company at $0.20 per share for gross proceeds of $290,000.

On February 8, 2021, the Company issued 2,441,820 common shares at a fair value of $508,696 pursuant to Nevatronix's exercise of the conversion feature per the convertible promissory note. As a result, $94,481 was reclassified from reserves to share capital.

On January 28, 2021, the Company issued 1,000,000 common shares of the Company at $0.20 per share for a total value of $200,000 to Nevatronix for the purchase of inventories. The transaction resulted in the settlement of a previous inventory purchase resulting in a loss on debt settlement of $34,224. $132,132 was initially recorded as a deposit for future inventory but was later found to be impaired. The impairment charge of $132,132 is included in inventory impairment for the year ended June 30, 2021.

On January 27, 2021, the Company issued 2,025,000 common shares of the Company at $0.20 per share for gross proceeds of $405,000.

On January 13, 2021, pursuant to warrants exercised, the Company issued 666,666 common shares of the Company at $0.15 per share for gross proceeds of $100,000.

14. Share capital (continued)

On November 10, 2020, the Company issued 14,530,000 common shares of the Company at $0.20 per share for gross proceeds of $2,906,000.

On July 31, 2020, in relation to a legal settlement, 766,667 common shares were returned to treasury as part of the settlement. The common shares were returned to treasury at $nil value.

During the year ended June 30, 2021, the Company had a contractual obligation to pay $300,000 to a finder to raise a total of $3,000,000 in share capital. At June 30, 2020, $2,000,000 of this amount was raised by the finder for which the Company recognized $200,000 in deferred share issuance costs and an associated accrued liability. During the year ended June 30, 2021, the finder completed their obligation in raising a minimum of $3,000,000, and the Company recognized the $300,000 deferred issuance costs to share issuance costs.

In connection with the private placements, the Company incurred share issuance costs of $26,346 relating to legal, professional services and finder's fees.

During the year ended June 30, 2020, the Company completed the following transactions:

On August 31, 2019, pursuant to warrants exercised, the Company issued 1,000,000 common shares of the Company at $0.075 per share for gross proceeds of $75,000.

On October 15, 2019, pursuant to a private placement, the Company issued 750,000 common shares of the Company at $0.20 per share for gross proceeds of $150,000.

On October 16, 2019, pursuant to warrants exercised, the Company issued 333,333 common shares of the Company at $0.15 per share for gross proceeds of $50,000.

On February 13, 2020, pursuant to warrants exercised, the Company issued 666,666 common shares of the Company at $0.075 per share for gross proceeds of $50,000.

On March 9, 2020, pursuant to warrants exercised, the Company issued 1,333,333 common shares of the Company at $0.075 per share for gross proceeds of $100,000.

On March 9, 2020, pursuant to a private placement, the Company issued 4,687,500 common shares of the Company at $0.20 per share for gross proceeds of $937,500.

On April 16, 2020, pursuant to a private placement, the Company issued 2,500,000 common shares of the Company at $0.20 per share for gross proceeds of $500,000.

In connection with the private placements, the Company incurred share issuance costs of $31,719 relating to legal services and $1,360 relating to finder's fee rendered.

During the year ended June 30, 2020, the Company issued common shares for services as follows: 826,667 common shares with a fair value of $24,800 as part of a consultant's service agreement; 2,480,000 common shares with a fair value of $74,400 as part of the contribution agreement with INEX USA; and 400,000 common shares with a fair value of $30,000 as payment with a consulting company providing business development services.

During the year ended June 30, 2020, the Company received share subscription deposit of $2,028,500. The Company incurred $200,000 in finder's fees recorded as deferred share issue cost in connection to the private placement which was closed subsequent to year end.

(c) Escrow and voluntary pooling shares

In relation to the Transaction, the Company had 33,467,665 common shares subject to a voluntary pooling agreement and 32,967,665 common shares held in escrow. From the date of the Transaction to June 30, 2021, the Company released 3,296,767 shares from escrow and as at June 30, 2021 has a total of 29,670,902 shares held in escrow and 33,467,665 common shares subject to a voluntary pooling arrangement.

(Expressed in Canadian dollars, except where noted)

14. Share capital (continued)

(d) Share subscription deposit

At June 30, 2020, the Company had received $2,028,500 in cash proceeds pursuant to a private placement which had not closed at June 30, 2020. Subsequent to year end, on July 9, 2020, the private placement was closed and these funds allocated to share capital.

(e) Share options

A summary of share option activity is as follows:

	Granted (not issued)	Issued	Weighted average exercise price ($)
Granted (not issued), June 30, 2019	-	-	-
Granted	1,749,999	-	-
Granted (not issued), June 30, 2020	**1,749,999**	**-**	**-**
Cancelled	(1,099,999)	-	-
Issued (1)	(650,000)	650,000	0.57
Issued	-	500,000	0.57
Issued	-	1,900,000	0.95
Issued, June 30, 2021	**-**	**3,050,000**	**0.81**

(1) Prior to the Transaction, the Company granted, but had not issued, 1,749,999 share options, of which 1,099,999 were cancelled. Upon the closing of the Transaction, the Company issued the remaining 650,000 share options. Subsequent to the Transaction, 2,400,000 share options were granted and issued for a total of 3,050,000 share options outstanding as June 30, 2021.

As at June 30, 2021, the Company had the following share options outstanding and exerciseable:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted-average exercise price	Weighted-average remaining life
	#	#	$	years
March 15, 2026	1,150,000	460,403	0.57	4.71
March 22, 2026	1,900,000	626,611	0.95	4.73
Outstanding, June 30, 2021	**3,050,000**	**1,087,014**	**0.81**	**4.72**

The Company recorded $819,981 (2020 - $nil) as share-based compensation expense for share options vested during the year ended June 30, 2021. The fair value at the grant date is determined using the Black Scholes option pricing model. Weighted-average assumptions used in the option-pricing model are as follows:

	2021	2020
Risk-free interest rate	0.99% - 1.00%	-
Expected life	5 years	-
Expected volatility	100%	-
Forfeiture rate	0.00%	-
Dividend rate	0.00%	-

(f) Warrants

A summary of share purchase warrant activity is as follows:

	Number	Weighted-average exercise price ($)
Outstanding June 30, 2019	8,333,331	0.09
Exercised	(3,333,332)	(0.08)
Granted	17,500	0.20
Outstanding June 30, 2020	5,017,499	0.10
Exercised	(2,333,333)	(0.12)
Granted	1,000,000	0.20
Granted (Special Warrants)	10,000,000	0.50
Outstanding June 30, 2021	**13,684,166**	**0.39**

(Expressed in Canadian dollars, except where noted)

14. Share capital (continued)

As at June 30, 2021, the Company had the following warrants outstanding:

Expiry date	Number	Weighted-average exercise price	Weighted average remaining life
	#	**$**	**years**
August 31, 2021	2,666,666	0.08	0.17
October 15, 2021	17,500	0.20	0.29
March 15, 2023	1,000,000	0.20	1.71
May 3, 2023	10,000,000	0.95	1.84
Outstanding June 30, 2021	**13,684,166**	**0.72**	**1.50**

On August 15, 2020, the Company's board of directors extended the expiry date of 3,666,666 warrants to August 31, 2021 (previously August 31, 2020), 17,500 warrants to October 15, 2021 (previously October 15, 2020), and 1,333,333 warrants to October 18, 2021 (previously October 18, 2020). Of the warrants with an extended expiration date of August 31, 2021, 1,000,000 were exercised on March 22, 2021. Of the warrants with an extended expiration date of October 18, 2021, 666,666 were exercised on January 13, 2021, and 666,667 were exercised on March 22, 2021.

On March 15, 2021, as part of the consideration in the Transaction, the Company granted 1,000,000 finder warrants with an exercise price of $0.20, and an expiration date of March 15, 2023. The warrants had a fair value of $370,444 (note 4) which was recorded as an increase to the reserves

The fair value of the 1,000,000 finder warrants on the issuance date was determined using the Black Scholes option pricing model. The weighted-average assumption used in the option-pricing model are as follows:

	2021	2020
Risk-free interest rate	0.23%	-
Expected life	2 years	-
Expected volatility	100%	-
Forfeiture rate	0.00%	-
Dividend rate	0.00%	-

On May 3, 2021, the Company completed a non-brokered private placement of 10,000,000 warrants at a price of $0.05 per warrant for gross proceeds of $500,000 (each a "Special Warrant"). Each Special Warrant is exercisable into units of the Company consisting of one common share and one common share purchase warrant (each a "Unit") at an exercise price of $0.50 per Unit for a period of two years (subject to acceleration if the weighted average trading price of the Company's shares is at or exceeding $1.20 for any five consecutive trading days) from May 3, 2021. Each common share purchase warrant is exercisable into one common share of Company at an exercise price of $0.70 for a period of two years (subject to acceleration if the weighted average trading price of the Company's share is at or exceeds $1.40 for any five consecutive trading days) from May 3, 2021.

15. Technology development

Technology development costs are expenditures made by the Company for the research and development of its Health Shield product and research into potential new technologies and products. For the years ended June 30, 2021 and 2020, the Company incurred technology development costs of $1,658,929 and $307,895, respectively.

(Expressed in Canadian dollars, except where noted)

16. Related party transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the years ended June 30, 2021 and 2020, the Company had the following transactions with key management personnel:

	2021	2020
	$	$
Consulting fees paid to officers and directors	**756,733**	455,623
Finder's fee paid to a director	**-**	200,000
Consulting and salary paid to a former officer	**11,017**	134,052
Share-based compensation paid to a former officer	**641,028**	-
Technology development costs incurred with related parties	**1,574,175**	299,304
Commission	**5,240**	-
Total	**2,988,193**	1,088,979

Due to related parties as at June 30, 2021 and 2020, were as follows:

	June 30, 2021	June 30, 2020
	$	$
Accounts payable and accrued liabilities	**244,319**	600,926
Convertible promissory note (note 10)	**154,128**	458,009
Convertible note (note 11)	**461,874**	-
Promissory note (note 12)	**525,113**	486,600
Total	**1,385,434**	1,545,535

Accounts payable and accrued liabilities due to related parties are for ongoing corporate overhead costs and are non-interest bearing, due on demand.

17. Income taxes

	2021	2020
	$	$
Loss for the year	**(8,663,490)**	1,757,955
Combined federal and provincial rate	**27.00%**	27.00%
Expected income tax recovery	**(2,339,000)**	(475,000)
Items that cause an increase (decrease):		
Change in statutory, foreign tax, foreign exchange rates and other	**16,000**	23,000
Non-deductible expenses	**837,000**	11,000
Share issue costs	**(88,000)**	-
Other	**6,000**	(9,000)
Adjustment to prior year's provision versus statutory tax returns	**(10,000)**	(7,000)
Change in unrecognized deductible temporary differences	**1,578,000**	457,000
Total income tax expense	**-**	-

(Expressed in Canadian dollars, except where noted)

17. Income taxes (continued)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statements of financial position are as follows:

Deferred tax assets (liabilities)	**June 30, 2021**	June 30, 2020
	$	$
Non-capital losses available for future periods	**2,290,000**	1,022,000
Property and equipment	**2,000**	-
Intangible Assets	**245,000**	-
Right of use assets net of lease liability	**2,000**	2,000
Share issue costs	**76,000**	7,000
Debt with accretion	**(6,000)**	-
	2,609,000	1,031,000
Unrecognized deferred tax assets	**(2,609,000)**	(1,031,000)
Deferred tax assets (liabilities)	**-**	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognised deductible temporary differences at June 30, 2021 and 2020 are as follows:

Temporary Differences	**2021**	Expiry Date Range	2020	Expiry Date Range
Property and equipment	**8,000**	No expiry date	1,000	No expiry date
Intangible assets	**909,000**	No expiry date	-	-
Right of use asset and liability	**7,000**	No expiry date	6,000	No expiry date
Share issue costs	**280,000**	2041 to 2044	25,000	2040 to 2043
Non-capital losses available for future periods	**8,606,000**	2037 to 2041	3,929,000	2038 to 2040
Canada	**7,946,000**	2037 to 2041	3,281,000	2038 to 2040
USA	**660,000**	No expiry date	648,000	No expiry date

As at June 30, 2021, the Company has non-capital losses for income tax purposes of approximately $7,946,000 which may be carried forward to apply against future year income taxes for Canadian income tax purposes. The Company has not recorded deferred tax assets related to these unused non-capital loss carryforwards as it is not probable that future taxable profits will be available to utilize these loss carryforwards.

18. Financial instruments and risk management

Fair value of financial assets and liabilities

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities,
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
Level 3: Inputs that are not based on observable market data.

The Company has no financial assets measured at fair value. The derivative liabilities (conversion features) (note 12) are level 2 financial liabilities measured using a Black-Scholes option pricing model using observable market inputs.

The promissory note and the non-derivative portion of the convertible promissory note and convertible note are measured at amortized cost using the effective interest rate method.

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

18. Financial instruments and risk management (continued)

Risk management

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions. As at June 30, 2021, the Company expects to recover the full amount of cash.

Receivables primarily consists of sales tax recoverable (GST) from the Canadian Revenue Agency. The maximum credit risk exposure associated with cash is limited to the total carrying value.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had a cash balance of $677,976 (June 30, 2020 - $2,337,556) to settle current liabilities of $1,210,176 (June 30, 2020 - $1,464,347). All of the Company's financial liabilities (except the promissory note) have contractual maturities of less than 90 days and are subject to normal trade terms.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and interest rate risk.

Foreign currency risk

The Company's functional currency is the Canadian dollar, and its subsidiary's functional currency is the United States dollar. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Company's financial position, results of operations, and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of cash, trade payables, promissory note, convertible note, and convertible promissory note) denominated in US dollars. The table below summarizes the net monetary assets and liabilities held in foreign currencies, expressed in Canadian dollars:

	June 30, 2021	June 30, 2020
US dollar monetary assets	**42,033**	55,344
US dollar liabilities	**(1,196,184)**	(1,601,054)
US dollar net liabilities	**(1,154,151)**	(1,545,710)

As at June 30, 2021, Management has determined the Company's exposure to foreign currency risk to be at an acceptable level.

Interest rate risk

The Company has sufficient cash balances and no interest-bearing debt. The Company regularly monitors its cash management policy. Management has determined interest rate risk to be low.

(Expressed in Canadian dollars, except where noted)

19. Capital risk management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital and deficit, in the definition of capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations. During the period, the Company's strategy, which was unchanged from the prior year, was to issue sufficient additional shares from the treasury to meet all such obligations. The Company is not subject to any externally imposed capital requirements.

20. Commitments

A summary of undiscounted liabilities and future operating commitments as at June 30, 2021, are as follows:

	Total	Within 1 year	2 - 5 years
	$	$	$
Maturity analysis of financial liabilities			
Accounts payables and accrued liabilities	**582,379**	582,379	-
Convertible promissory note	**263,019**	-	263,019
Convertible note	**929,550**	-	929,550
Current portion of lease liability	**114,649**	75,654	38,995
Promissory note	**583,147**	-	583,147
Total financial liabilities	**2,472,744**	658,033	1,814,711

Subsequent to June 30, 2021, the Company signed a new lease contract for its head office with contractual payments to December 31, 2022.

21. Segmented information

The business of the Company is designing, developing, marketing, and selling self-service kiosks for non-physical contact monitoring, testing temperatures, and dispensing hand sanitizer for the post COVID-19 environment. The Company's chief operating decision maker reviews the results of operations as one reportable segment. For all periods presented in these consolidated financial statements, the Company has one reporting segment. The Company's assets and operations are geographically located in Canada.

22. Events after the reporting period

On July 9, 2021, pursuant to a private placement, the Company issued 125,000 common shares at $0.20 per common share for gross proceeds of $25,000.

On August 26, 2021, in relation to the resignation of a consultant, 208,254 common shares of the Company with a fair value of $244,351 were returned to treasury.

On August 31, 2021, 2,666,666 warrants expired unexercised and on October 15, 2021, 17,500 warrants expired unexercised.