TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI VENTURES LTD.)

Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

Unaudited

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months ended September 30, 2021 and 2020.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Tevano Systems Holdings Inc. (the "Company") for the interim period ended September 30, 2021 and 2020, have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, Davidson & Company LLP, have not performed a review of these condensed interim consolidated financial statements.

November 26, 2021

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars) - Unaudited

	Note	**September 30, 2021**	June 30, 2021
ASSETS		**$**	$
Current			
Cash		**356,422**	677,976
Inventory	5	**132,352**	132,528
Receivables	17(a)	**48,250**	39,742
Prepaid expenses	6	**511,250**	728,357
Total current assets		**1,048,274**	1,578,603
Property and equipment	7	**20,689**	35,990
Total assets		**1,068,963**	1,614,593
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	**640,848**	582,379
Derivative liabilities	12	**568,831**	591,994
Lease liability	9	**19,207**	35,803
Total current liabilities		**1,228,886**	1,210,176
Convertible promissory note	10	**168,565**	154,128
Convertible note	11	**517,947**	461,874
Promissory note	13	**534,821**	525,113
Total liabilities		**2,450,219**	2,351,291
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	14	**10,016,473**	10,235,824
Reserves	13,14	**2,181,178**	1,846,049
Share subscription deposit	14	**-**	25,000
Accumulated other comprehensive income		**21,558**	35,901
Deficit		**(13,600,465)**	(12,879,472)
Total shareholders' equity (deficiency)		**(1,381,256)**	(736,698)
Total liabilities and shareholders' equity (deficiency)		**1,068,963**	1,614,593

Nature and continuance of operations (note 1)
Commitments (note 19)
Events after the reporting period (note 21)

Approved and authorized for issue on behalf of the Board on November 26, 2021

/s/ "David Bajwa"
David Bajwa, Director and CEO

/s/ "John Benjamin Sawchuk"
John Benjamin Sawchuk, Director

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

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three months ended September 30, 2021 and 2020
(Expressed in Canadian dollars) - Unaudited

		Three months ended September 30,	
	Note	**2021**	2020
		$	$
Revenue		**1,499**	-
Cost of sales		**(14,609)**	-
Gross profit		**(13,110)**	-
Operating expenses			
Amortization	7	**15,301**	14,982
Consulting fees		**118,358**	122,482
Exchange fees		**10,772**	-
Insurance		**54,036**	4,992
Investor relations		**125,539**	-
Marketing		**40,779**	31,918
Office		**27,314**	14,078
Professional fees	16	**166,527**	99,849
Salaries		**-**	11,114
Share-based compensation		**335,129**	-
Technology development		**109**	23,840
Travel		**10,022**	3,338
Total operating expenses		**903,886**	326,593
Loss from operations		**916,996**	326,593
Accretion	10,11,13	**69,593**	19,282
Foreign exchange loss		**1,221**	9,894
Gain on debt settlement		**-**	(94,386)
Gain on change in fair value of derivative liabilities	12	**(23,163)**	-
Gain on shares returned to treasury		**(244,351)**	-
Interest on lease liability	9	**1,734**	3,400
Listing expense		**-**	30,000
Other income		**(1,037)**	(19,105)
Net loss		**(720,993)**	(275,678)
Foreign currency translation adjustment		**(14,343)**	14,048
Comprehensive loss		**(735,336)**	(261,630)
Net loss per share			
Basic and diluted		**(0.01)**	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted		**76,028,664**	41,729,163

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

TEVANO SYSTEMS HOLDINGS INC.

(Formerly known as RBI Ventures Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended September 30, 2021 and 2020
(Expressed in Canadian dollars) - Unaudited

	Note	**2021**	2020
		$	$
Operating Activities			
Net loss		**(720,993)**	(275,678)
Adjustments to non-cash items:			
Amortization	7	**15,301**	14,982
Share-based compensation	14	**335,129**	-
Accretion	10,11,13	**69,593**	19,282
Unrealized foreign exchange		**10,625**	-
Gain on change in fair value of derivative liabilities	12	**(23,163)**	-
Gain on shares returned to treasury		**(244,351)**	
Interest on lease liability	9	**1,734**	3,400
Changes in non-cash working capital items:			
Inventory		**176**	(61,331)
Deposit		**-**	15,000
Receivables		**(8,508)**	(7,749)
Prepaid expenses		**217,107**	(27,826)
Accounts payable and accrued liabilities		**58,469**	(721,296)
Cash used in operating activities		**(288,881)**	(1,041,216)
Investing Activities			
Property and equipment	7	-	(1,028)
Cash used in investing activities		-	(1,028)
Financing Activities			
Share subscription deposit		-	877,500
Lease payments		**(18,330)**	(18,000)
Cash (used in) provided by financing activities		**(18,330)**	859,500
Effect of foreign exchange on cash		**(14,343)**	14,048
Change in cash during the period		**(321,554)**	(168,696)
Cash, beginning of period		**677,976**	2,337,556
Cash, end of period		**356,422**	2,168,860

Supplemental cash flow information:

During the three months ended September 30, 2021:

- The Company issued 125,000 common shares at a fair value of $25,000 in relation to a subscription deposit received during the year ended June 30, 2021.

- For the three months ended September 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 condensed interim consolidated financial statements.

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

	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, 2020	42,237,497	2,679,948	250,106	-	2,028,500	(4,792)	(4,215,982)	737,780
Shares returned to treasury	(766,667)	-	-	-	-	-	-	-
Share subscription deposits	-	-	-	-	877,500	-	-	877,500
Foreign currency translation adjustment	-	-	-	-	-	14,048	-	14,048
Net loss	-	-	-	-	-	-	(275,678)	(275,678)
Balance, September 30, 2020	41,470,830	2,679,948	250,106	-	2,906,000	9,256	(4,491,660)	1,353,650
Shares issued - private placement	25,630,000	5,126,000	-	-	(2,906,000)	-	-	2,220,000
Shares returned to treasury	(208,254)	(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	-	-	-	-	-	26,645	-	26,645
Net loss	-	-	-	-	-	-	(8,387,812)	(8,387,812)
Balance, June 30, 2021	76,082,478	10,235,824	1,846,049	-	25,000	35,901	(12,879,472)	(736,698)
Shares issued - private placement	125,000	25,000	-	-	(25,000)	-	-	-
Shares returned to treasury	(208,254)	(244,351)	-	-	-	-	-	(244,351)
Share-based compensation	-	-	335,129	-	-	-	-	335,129
Foreign currency translation adjustment	-	-	-	-	-	(14,343)	-	(14,343)
Net loss	-	-	-	-	-	-	(720,993)	(720,993)
Balance, September 30, 2021	**75,999,224**	**10,016,473**	**2,181,178**	**-**	**-**	**21,558**	**(13,600,465)**	**(1,381,256)**

The accompanying notes are an integral part of these condensed interim 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 condensed interim 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 condensed interim consolidated financial statements ("interim 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 September 30, 2021, the Company has a working capital deficiency of $180,612 (June 30, 2021 - working capital $368,427), has not yet achieved profitable operations, and has an accumulated deficit of $13,600,465 (June 30, 2021 - $12,879,472). 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 interim 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

These interim financial statements were approved and authorized for issuance on November 26, 2021 by the directors of the Company.

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As such, these consolidated financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the years ended June 30, 2021 and 2020 (the "annual financial statements").

Basis of measurement

These interim 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 in the annual financial statements. In addition, these interim financial statements have been prepared using the accrual basis of accounting except cash flow information.

Principles of consolidation

These interim 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 interim 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 these interim 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.

The Company's interim results are not necessarily indicative of its results for a full year. The significant judgements and estimates applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 2 of the annual financial statements.

3. Significant Accounting Policies

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied and disclosed in note 3 to the annual financial statements.

(Expressed in Canadian dollars, except where noted) - Unaudited

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 fee relating to the Transaction. The warrants were valued using the Black-Scholes pricing model, at a fair value of $370,444. The warrants have an exercise price of $0.20 per warrant, the expiry period of two years after issuance, 100% volatility, risk-free rate of 0.23%, and dividend rate of 0.00%.
- 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).

	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 September 30, 2021, the loan from Tevano is reclassified as an intercompany loan and is eliminated on consolidation.

5. Inventory

	September 30, 2021	June 30, 2021
	$	$
Tablet computers	**132,352**	132,528
Total	**132,352**	132,528

6. Prepaid expenses

	September 30, 2021	June 30, 2021
	$	$
Legal and professional retainers	**114,479**	165,237
Marketing and investor relations	**83,333**	212,125
Security deposit - lease	**11,633**	11,633
Insurance	**64,167**	106,135
Deposit on technology development [(1)]	**232,301**	232,301
Other prepaid expenses	**5,337**	926
Total	**511,250**	728,357

[(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) - Unaudited

7. Property and equipment

	Right of use assets	Computer hardware	Furniture and fixtures	Total
	$	$	$	$
Cost				
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
At September 30, 2021	**171,242**	**2,739**	**10,192**	**184,173**
Amortization				
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
Amortization	14,563	228	510	15,301
At September 30, 2021	**156,718**	**1,160**	**5,606**	**163,484**
Net book value:				
At June 30, 2021	29,087	1,807	5,096	35,990
At September 30, 2021	**14,524**	**1,579**	**4,586**	**20,689**

8. Accounts payable and accrued liabilities

	September 30, 2021	June 30, 2021
	$	$
Trade payables	**495,286**	415,871
Technology development payable [2]	**76,273**	74,035
Accrued liabilities	**69,289**	92,473
Total	**640,848**	582,379

[1] Technology development cost payable is due to related party vendors, 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. INEX is a related party due to common directorship.

9. Lease liability

	September 30, 2021	June 30, 2021
	$	$
Balance, beginning of the year	**35,803**	91,806
Additions	**-**	1,236
Interest expense	**1,734**	9,309
Lease payments	**(18,330)**	(66,548)
Ending balance	**19,207**	35,803

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

(Expressed in Canadian dollars, except where noted) - Unaudited

10. Convertible promissory note

	September 30, 2021	June 30, 2021
	$	$
Balance, beginning of the year	**154,128**	458,009
Issuance of INEX convertible promissory note	**-**	119,598
Accretion	**14,437**	73,896
Effects of debt modification on Nevatronix note	**-**	(80,204)
Conversion of Nevatronix note to equity	**-**	(417,171)
Ending balance	**168,565**	154,128

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

	September 30, 2021	June 30, 2021
	$	$
Balance, beginning of the year	**461,874**	-
Issuance of INEX convertible note	**-**	431,718
Accretion	**45,448**	19,459
Foreign exchange loss	**10,625**	10,697
Ending balance	**517,947**	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

	September 30, 2021	June 30, 2021
	$	$
Balance, beginning of the year	**591,994**	-
Issuance of INEX convertible promissory note	**-**	143,421
Issuance of INEX convertible note	**-**	475,782
Gain on change in fair value of derivative liabilities	**(23,163)**	(27,209)
Ending balance	**568,831**	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 September 30, 2021 to be $112,407 using the following assumptions:

Risk-free interest rate	0.98%
Share price	0.14
Exercise price	0.14
Expected life	1.25 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 $4,556 for the three months ended September 30, 2021.

(Expressed in Canadian dollars, except where noted) - Unaudited

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 September 30, 2021 to be $456,424 using the following assumptions:

Risk-free interest rate	0.98%
Share price	0.14
Exercise price	0.14
Expected life	1.63 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 $18,607 for the three months ended September 30, 2021.

13. Promissory note

	September 30, 2021	June 30, 2021
	$	$
Balance, beginning of the year	**525,113**	486,600
Accretion	**9,708**	38,513
Ending balance	**534,821**	525,113

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. 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 period ended September 30, 2021, the Company completed the following transactions:

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. The fair value of returned shares was treated as a reduction of consulting expenses in the consolidated statements of loss and comprehensive loss.

On July 9, 2021, the Company closed a private placement for 125,000 common shares at $0.20 per common share and reclassified $25,000 of previously received subscription receipts form share subscription deposits to share capital.

During the year ended June 30, 2020, 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.

(Expressed in Canadian dollars, except where noted) - Unaudited

14. Share capital (continued)

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 three months ended September 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.

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 fiscal 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 three months ended September 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.

(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 September 30, 2021, the Company released 3,296,767 shares from escrow and as at September 30, 2021 has a total of 24,725,749 shares held in escrow and 29,834,249 common shares subject to a voluntary pooling arrangement.

(d) Share options

A summary of share option activity is as follows:

	Granted (not issued)	Issued	Weighted average exercise price ($)
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 and September 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 at June 30, 2021 and September 30, 2021.

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14. Share capital (continued)

As at September 30, 2021, the Company had the following share options outstanding and exercisable:

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	400,000	0.57	4.46
March 22, 2026	1,900,000	712,600	0.95	4.48
Outstanding, September 30, 2021	**3,050,000**	**1,112,600**	**0.81**	**4.47**

The Company recorded $335,129 (2020 - $nil) as share-based compensation expense for share options vested during the three months ended September 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%	-

(e) Warrants

A summary of share purchase warrant activity is as follows:

	Number	Weighted-average exercise price ($)
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
Expired	(2,666,666)	(0.08)
Outstanding, September 30, 2021	**11,017,500**	**0.47**

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

Expiry date	Number	Weighted-average exercise price ($)	Weighted-average remaining years
October 15, 2021	17,500	0.20	0.04
March 15, 2023	1,000,000	0.20	1.46
May 3, 2023	10,000,000	0.50	1.59
Outstanding, September 30, 2021	**11,017,500**	**0.47**	**1.58**

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 3,666,666 warrants with an expiration date of August 31, 2021, 1,000,000 warrants were exercised on March 22, 2021, and 2,666,666 warrants expired unexercised. Of the warrants expiring 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

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14. Share capital (continued)

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 three months ended September 30, 2021 and 2020, the Company incurred technology development costs of $109 and $23,840, respectively.

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 three months ended September 30, 2021 and 2020, the Company had the following transactions with key management personnel:

	2021	2020
	$	$
Consulting fees paid to officers and directors	**118,358**	8,414
Share-based compensation paid to a former officer	**287,091**	11,114
Technology development costs incurred with related parties	**-**	9,522
Total	**405,449**	29,050

Amounts due to related parties as at September 30, 2021 and June 30, 2021, were as follows:

	September 30, 2021	June 30, 2021
	$	$
Accounts payable and accrued liabilities	**255,707**	244,319
Convertible promissory note (note 10)	**168,565**	154,128
Convertible note (note 11)	**510,543**	461,874
Promissory note (note 13)	**534,821**	525,113
Total	**1,469,636**	1,385,434

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

17. 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) 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.

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 September 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 September 30, 2021, the Company had a cash balance of $356,422 (June 30, 2021 - $677,976) to settle current liabilities of $1,228,886 (June 30, 2021 - $1,210,176). 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:

(Expressed in Canadian dollars, except where noted) - Unaudited

17. Financial instruments and risk management (continued)

	September 30, 2021	June 30, 2021
US dollar monetary assets	**47,506**	42,033
US dollar liabilities	**(1,945,245)**	(1,196,184)
US dollar net liabilities	**(1,897,739)**	(1,154,151)

As at September 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.

18. 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.

19. Commitments

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

	Total	Within 1 year	2 - 5 years
	$	$	$
Maturity analysis of financial liabilities			
Accounts payables and accrued liabilities	**640,848**	640,848	-
Convertible promissory note	**263,019**	-	263,019
Convertible note	**949,050**	-	949,050
Lease liability	**19,207**	19,207	-
Lease payments on short-term lease	**56,448**	36,950	19,498
Promissory note	**583,147**	-	583,147
Total financial liabilities	**2,511,719**	697,005	1,814,714

During the period ended September 30, 2021, the Company signed a new lease contract for its head office with contractual payments to December 31, 2022.

20. 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.

21. Events after the reporting period

On October 15, 2021, 17,500 warrants with an exercise price of $0.20 per warrant expired unexercised.