CYBEATS

CYBEATS TECHNOLOGIES INC.
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in Canadian Dollars)

Dated November 29, 2022

INDEX

Jackson & Co., LLP
Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Director(s) of Cybeats Technologies Inc.,

We have reviewed the interim statement of financial position of Cybeats Technologies Inc. as at September 30, 2022 and December 31, 2021 and the interim statements of loss and comprehensive loss and deficit and cash flows for the three and nine months ended September 30, 2022 and September 30, 2021, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these interim financial statements.

Material Uncertainty Related to Going Concerns

We draw attention to Note 1 in the interim financial statements, which indicates that the Company is experiencing, and has experienced, negative operating cash flows. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly, in all material respects, the financial position of Cybeats Technologies Inc. as at September 30, 2022 and December 31, 2021 and the interim statements of loss and comprehensive loss and deficit and cash flows for the three and nine months then ended September 30, 2022 and September 30, 2021 in accordance with International Financial Reporting Standards.

The engagement partner on the review resulting in this independent practitioner's review engagement report is Jeffrey Jackson.

Jackson & Co., LLP

Jackson & Co, LLP
Chartered Professional Accountants
Licensed Public Accountant

Toronto, Ontario
November 7, 2022

CYBEATS

Cybeats Technologies Inc.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

As at		September 30, 2022		December 31, 2021
Assets				
Current Assets				
Cash and cash equivalents	$	**290,670**	$	12,073
Accounts receivable		**50,951**		105,315
Prepaid expenses		**38,930**		34,449
HST Receivable		**158,410**		28,904
Due from related parties (note 12)		**158,267**		-
		697,228		180,741
Non-current Assets				
Property, plant and equipment (note 5)		**21,232**		5,945
Right-of-use asset (note 6)		**208,287**		-
Total Assets	$	**926,747**	$	186,686
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$	**485,512**	$	61,021
Current portion of lease payable		**100,011**		-
Due to Pima Zinc (note 8)		**3,716,982**		-
Due to Scryb Inc. (note 9)		**-**		1,017,592
		4,302,505		1,078,613
Long-Term Debt				
Lease payable (note 7)		**116,521**		-
Due to Scryb Inc. (note 9)		**1,686,719**		-
		1,803,240		-
Total Liabilities		**6,105,745**		1,078,613
Shareholders' equity				
Share capital (note 11)		**3,100,807**		3,100,807
Deficit		**(8,279,805)**		(3,992,734)
Total Shareholders' Equity		**(5,178,998)**		(891,927)
Total Liabilities and Shareholders' Equity	$	**926,747**	$	186,686

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Yoav Raiter"
CEO, Director

"Chris Hopkins"
CFO, Director

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

CYBEATS

Cybeats Technologies Inc.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited - Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	Sep 30, 2022	Sep 30, 2021	**Sep 30, 2022**	Sep 30, 2021
Revenue				
Sales	**$ 32,681**	$ 6,352	**$ 55,357**	$ 64,739
Government subsidies	**-**	(220,241)	**-**	113,411
Interest and other	**-**	60	**-**	60
	32,681	(213,829)	**55,357**	178,210
Expenses				
Advertising and promotion	**$ 34,193**	$ 6,269	**$ 364,037**	$ 27,502
Commissions and bonuses	**51,258**	-	**57,323**	-
Computer expenses	**38,420**	10,026	**101,513**	17,030
Depreciation	**29,317**	3,400	**81,139**	3,400
Foreign currency loss	**3,011**	-	**15,205**	-
Insurance	**3,530**	-	**4,576**	1,160
Interest and bank charges	**140,810**	901	**146,791**	2,110
Meals and entertainment	**15,823**	4,802	**29,977**	5,262
Miscellaneous	**-**	(129,901)	**-**	15,019
Office and general	**18,145**	7,305	**24,861**	22,943
Professional fees	**21,470**	163,566	**91,252**	255,608
Rent	**-**	4,400	**6,600**	17,600
Repairs and maintenance	**2,811**	2,025	**14,335**	3,750
Salary and wages	**857,167**	9,564	**1,940,367**	486,167
Subcontractor fees	**366,334**	232,205	**943,056**	318,638
System maintenance	**201,668**	-	**399,442**	-
Travel expense	**59,330**	-	**121,954**	-
Net income (loss) and comprehensive loss for the period	**$ (1,810,606)**	$ (528,391)	**$ (4,287,071)**	$ (997,979)
Deficit, beginning of period	**(3,992,734)**	(3,019,386)	**(3,992,734)**	(2,549,798)
Deficit, end of period	**$ (5,803,340)**	$ (3,547,777)	**$ (8,279,805)**	$ (3,547,777)
Income (loss) per share				
Basic and diluted	**$ (0.20)**	$ (0.06)	**$ (0.47)**	$ (0.11)
Weighted average number of common shares outstanding, basic and diluted	**9,208,817**	9,154,884	**9,208,817**	9,154,884

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

CYBEATS

Cybeats Technologies Inc.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited - Expressed in Canadian dollars)

	Capital Stock		Deficit	Total Equity
	Number of shares	Amount		
Balance - December 31, 2020	18,752,872	3,092,807	(2,549,798)	543,009
Issue of share capital	80,000	8,000	-	8,000
Total comprehensive loss	-	-	(1,442,936)	(1,442,936)
Balance - December 31, 2021	18,832,872	3,100,807	(3,992,734)	(891,927)
Balance - December 31, 2021	18,832,872	3,100,807	(3,992,734)	(891,927)
Total comprehensive loss	-	-	(4,287,071)	(4,287,071)
Balance - September 30, 2022	**18,832,872**	**3,100,807**	**(8,279,805)**	**(5,178,998)**

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

CYBEATS

Cybeats Technologies Inc.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited - Expressed in Canadian dollars)

	September 30, 2022	September 30, 2021
Cash flows from (used in) operating activities		
Net loss and comprehensive loss for the period	**$ (4,287,071)**	$ (998,039)
Items not affecting cash from operations:		
Depreciation	**81,139**	3,400
Changes in non-cash working capital items:		
Amounts receivable	**54,364**	220,159
Prepaid expenses	**(4,481)**	23,832
HST receivable	**(129,506)**	(13,565)
Accounts payable and accrued liabilities	**424,493**	(57,623)
Lease payable	**216,532**	-
Net cash used in operating activities	**(3,644,532)**	(821,836)
Cash flows from (used in) investing activities		
Right-of-use asset	**(283,679)**	-
Purchase of property, plant and equipment	**(21,034)**	-
Net cash from (used in) investing activities	**(304,713)**	-
Cash flows from (used in) financing activities		
Advances to Related Parties	**(158,267)**	-
Advances from Scryb Inc.	**669,127**	507,418
Advances from Pima Zinc	**3,716,982**	-
Net cash from financing activities	**4,227,842**	507,418
Increase in cash for the year	**278,597**	(314,418)
Cash - beginning of period	**12,073**	409,991
Cash - end of period	**$ 290,670**	$ 95,573

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

1. Nature of Operations

Cybeats Technologies Inc. (“Cybeats” or “the Company”) was incorporated in Ontario on September 20, 2016 as 2537478 Ontario Ltd. Cybeats mission is to offer software product developers unparalleled cybersecurity from design phase throughout the commercial life cycle following a secure-by-design approach for software. Cybeats accomplishes this by its two products: (a) Cybeats SBOM (Software Bill of Materials) Studio and (b) Cybeats IoT RASP (Runtime Application Security Protection (RASP)) Solution. These two solutions offer a proactive approach to cybersecurity by improving software security through SBOM analysis of vulnerabilities and monitoring active software and IOT devices through continuous real-time assessment. The principal business address of the Company is 65 International Blvd, Suite 202, Etobicoke, Ontario M9W 6L9.

The Company’s ability to continue as a going concern is dependent upon the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows and has working capital deficit of $3,605,276 as at September 30, 2022 (December 31, 2021 working capital deficit - $897,872). The Company will continue to search for new or alternate sources of financing in order to continue development of its products. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds when required in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position

2. Basis of Presentation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The interim financial statements of the Company for the period ended September 30, 2021 were approved and authorized for issue by the Board of Directors on December 5, 2022.

Basis of Measurement

These financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

3. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently to all periods presented in these financial statements:

a) Impairment

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired at a cash generating unit level. If any such indication exists, the recoverable amount of the cash generating unit is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

b) Research and development costs

Costs associated with the development of the Company's products are capitalized where the following criteria are met:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- its intention to complete and its ability to use or sell the assets;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

The Company did not incur other research and development costs in the period.

c) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

d) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement basis of financial instruments;

Asset or Liability	Category	Measurement
Cash	FVTPL	Fair Value
Accounts Receivable	FVTPL	Fair Value
Accounts Payable and accrued liabilities	Other liabilities	Amortized Cost
Lease Payable	Other liabilities	Amortized Cost

Financial Assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost of FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents and marketable securities are classified as financial assets measured at FVTPL.

ii. Amortized Cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's loan receivable is classified as financial assets measured at amortized cost.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized Cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable, accrued liabilities, and lease payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial Liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction Costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent Measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company’s financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices): and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Cash is measured at fair value using Level 1 inputs.

As at September 30, 2022, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

e) Revenue Recognition

Revenue from contracts with customers are based on *IFRS 15: Revenue from Contracts with Customers* and revenue is recognized when it has satisfied its performance obligation to the customers over time or at a single point in time. The company transfers control of a good or service over time, and therefore satisfies a performance obligation and recognizes revenue over time. Revenue is recognized at a point in time when customers obtain control of the product. Interest income is recognized on a time-proportion basis using the effective interest method.

f) Property, Plant, and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Amortization is calculated on a declining balance basis at the following annual rates:

Office furniture and equipment	20%
Computer equipment	55%

g) Income Taxes

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set off within fiscal jurisdictions.

h) Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. Income or loss from an investment in associate is included in other comprehensive income (loss). Accumulated other comprehensive income (net of income taxes) is included on the statements of financial position as a component of common shareholders' equity.

i) Cash

Cash consists of cash on hand, deposits in banks and funds held in short term deposits.

j) Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the term of the lease with the discount rate determined by using the incremental borrowing rate on commencement of the lease. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the remaining lease term.

4. Significant Accounting Judgements and Estimates

The preparation of these financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the interim financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Useful life of intangible assets - Management has exercised their judgment in determining the useful life of its patents, patent applications and research and development costs. The estimate is based on the expected period of benefit of the patent and the expected life of the product in the market place.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company is the Canadian dollar.

Evaluation of going concern - The preparation of the financial statements requires management to make judgments regarding the going concern of the Company. Management has determined the Company is a going concern.

Income taxes - Management has exercised their judgment in determining the provision for future income taxes. The judgment is based on the Company's current understanding of the tax law as it relates to the transactions and activities entered into by the Company.

5. Property, Plant and Equipment

Property, plant and equipment as at September 30, 2022 consists of the following:

	Cost	Accum. Amort.	September 30, 2022 Net Book Value	December 31, 2021 Net Book Value
Furniture and fixtures	8,394	(3,662)	4,732	2,620
Computers	41,927	(25,427)	16,500	3,325
	50,321	**(29,089)**	**21,232**	**5,945**

6. Right-of-use Asset

Right-of-use assets consist of the lease for the Company's office is amortized over a period of 34 months and its development space is amortized over a period of 26 months.

	September 30, 2022	December 31, 2021
Opening Balance	-	-
Additions	283,679	-
Depreciation	(75,392)	-
Ending Balance	**208,287**	-

7. Lease Payable

Lease payable at September 30, 2022 of $216,532 (December 31, 2021 - $nil) is comprised of the following leases:

i) On January 7, 2022 the Company signed a property lease for a term of commencing on January 1, 2022 and expiring on October 31, 2024. During the nine-month period ended September 30, 2022 the Company made total payments of $57,935 of which $4,345 consisted of interest. The lease payable balance as at September 30, 2022 is $163,684 (December 31, 2021 - $nil) of which $75,671 (December 31, 2021 - $nil) is current.

ii) On March 1, 2022 the Company signed a property lease for a term commencing on March 1, 2022 and expiring on October 31, 2024. During the nine-month period ended September 30, 2022 the Company made total payments of $14,600 of which $1,043 consisted of interest. The lease payable balance as of September 30, 2022 is $52,848 (December 31, 2021 - $nil) of which $24,340 (December 31, 2021 - $nil) is current.

8. Due to Pima Zinc Inc.

Pursuant to a series of Bridge Loan Agreements with Pima Zinc Inc. ("Pima") signed on May 26, 2022 for a loan in the amount of $500,000, June 6, 2022 for a loan in the amount of $300,000, July 30, 2022 for a loan in the amount of $600,000 and September 22, 2022 for a loan in the amount of $1,060,400 each with a lending rate of 10% per annum computed on the basis of a 360-day year and a maturity date of December 31, 2022. The total loans available under the Pima Bridge Loan facilities at September 30, 2022 amount to $2,460,000 (December 31, 2021 - $0).

As at September 30, 2022 the Company has taken draws under the Pima bridge loan facilities in the amount of $3,629,320. Interest under the Pima bridge loan facilities for the period May 26, 2022 to September 30, 2022 amounts to $87,662. The total balance owing under the Pima bridge loan facilities as at September 30, 2022 amounts to $3,716,982.

Subsequent to the period end, on October 31, 2022 the Company signed a Bridge Loan Agreement with Pima for a loan in the amount of $1,474,500, for a total loan available under the Pima bridge loan facilities of $3,934,900.

9. Due to Scryb Inc.

On June 28, 2022 the Company signed a Bridge Loan Agreement with its parent, Scryb Inc., wherein Scryb Inc. agreed to lend $2,200,000 to the Company as a bridge loan with a lending rate of 10% per annum computed on the basis of a 360-day year and a maturity date of December 31, 2023. Interest under the Scryb Inc. bridge loan facilities for the period June 28, 2022 to September 30, 2022 amounts to $49,434. The total balance owing under the Scryb Inc. bridge loan facility as at September 30, 2022 amounts to $1,686,719.

10. Reconciliation of Income Taxes

Income tax expense differs from the amount that would be computed by applying the federal and provincial income tax rates of 26.5% (2021 – 26.5%) to income before income taxes. The reasons for the differences and the related tax effects are as follows:

	September 30, 2022	December 31, 2021
Tax at the applicable tax rate	**-**	-
Income tax expense	**-**	-

At September 30, 2022 the Company has un-utilized non-capital loss carry forwards of $2,438,350 which will expire as follows:

2026	5,813
2027	265,524
2028	210,732
2029	1,438,266
2030	270,161
2031	247,854
	2,438,350

11. Share Capital

Common Shares

Authorized

(i) An unlimited number of Common Shares

(ii) An unlimited number of Class Seed Preferred Shares, issuable in series, of which an unlimited number are designated as Class Seed-1 Preferred Shares, an unlimited number are designated as Class Seed-2 Preferred Shares and an unlimited number are designated as Class Seed-3 Preferred Shares

Issued and Outstanding

		September 30, 2022		June 30, 2022
Common shares	9,208,817	$	9,303	$	9,303
Class Seed-1 Preferred Shares	359,832	36		36
Class Seed-2 Preferred Shares	3,267,002	543,660		543,660
Class Seed-3 Preferred Shares	5,997,221	2,547,808		2,547,808
Total Preferred Shares	9,624,055	3,091,504		3,091,504
Total Issued and Outstanding	**18,832,872**	**$ 3,100,807**		**$ 3,100,807**

On March 2, 2021, the Company issued 80,000 common shares at a price of $0.10 per common share to the founders of the Company for total proceeds of $8,000.

12. Related Party Transactions and Balances

At September 30, 2022 the Company has a receivable from related parties of $178,267 (December 31, 2021 - $nil) made up of a balance owing from Glow LifeTech Corp. of $151,267 (December 31, 2021 - $0) a related party through common management, and advances to two Officers of the Company in the amount of $27,000 (December 31, 2021 - $0). These advances are non-interest bearing and are due on demand.

At September 30, 2022 the Company has a balance due to its parent, Scryb Inc. of $1,686,719 (December 31, 2021 - $1,017,592), described more fully under Note 9.

13. Financial Risk Factors

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks, credit risk and liquidity risk through its risk management strategy.

The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments primarily consist of cash. The fair value of the Company's accounts payable and accrued liabilities approximates their carrying value, due to their short-term maturities or ability of prompt liquidation.

The Company's cash is recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets of liabilities. The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

(i) Interest Rate Risk

The Company has cash balances and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company monitors the credit worthiness of the debtor and is satisfied with the debtor's ability to repay the amount owing.

(ii) Foreign currency risk

As at September 30, 2022 the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents. As at September 30, 2022 the Company held cash in banks of $290,670 (December 31, 2021 - $12,073) to settle current liabilities of $4,302,505 (December 31, 2021 - $1,078,613).

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company has reduced its credit risk by investing its cash in trust with Canadian chartered banks.

14. Change of Ownership of the Company

On March 18, 2021 Scryb Inc. (formerly Relay Medical Corp.) announced that it had completed the acquisition of Cybeats Technologies Inc. pursuant to a previously announced Share Exchange Agreement ("**SEA**") dated March 3, 2021. As part of this transaction, Scryb Inc. acquired the Company's technologies, intellectual property and trade secrets, and the Company has become a wholly owned subsidiary of the Scryb Inc. In accordance with the terms of the SEA, Scryb Inc. has acquired all of the issued and outstanding shares of the Company for an aggregate purchase price of $7,180,000.

15. Coronavirus Disease (COVID-19)

The Company qualified for the Federal Government's Canadian Emergency Business Account loan program ("CEBA"), receiving an interest free loan of $60,000. Under the terms of the CEBA loan program, 33.3% ($20,000) of the loan is forgivable if the remaining $40,000 is repaid on or before December 31, 2023. On January 19, 2021 the Company repaid the remaining $40,000 balance of the CEBA loan.

In the current environment, assumptions about the Company's future revenue generating activities are subject to greater variability than normal, which could in the future significantly affect the valuation of the Company's assets and results from operations.

16. Proposed transaction

On December 10, 2021, Scryb Inc. (formerly Relay Medical Corp.), the parent and sole shareholder of the Company, entered into a non-binding letter of intent ("LOI") with Pima Zinc Corp. ("Pima Corp."), pursuant to which the Pima Corp. will acquire all of the issued and outstanding common shares in the capital of the of the Company from Scryb Inc.

On August 11, 2022 the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Scryb Inc., 2635212 Ontario Inc. ("Subco"), and Pima Corp. pursuant to which Pima Corp. will acquire all of the issued and outstanding common shares and preferred shares of the Company pursuant to a three-cornered amalgamation in accordance with Section 174 of the Business Corporations Act (Ontario) (the "Proposed Transaction"). As consideration for the Proposed Transaction, Pima Corp. will issue Scryb Inc. an aggregate of 60,000,000 common shares in the capital of Pima Corp. The parties entered into an amending agreement ("Amending Agreement") dated November 1, 2022 whereas Pima Corp. will also issue Scryb Inc. 10,000,000 common share purchase warrants. Each warrant will entitle Scryb Inc. to acquire one additional common share of Pima Corp. at a price of CDN $0.60 per common share for a period of 18 months following the completion of the Proposed Transaction. In addition, pursuant to the Amending Agreement, the termination date for the Amalgamation Agreement was extended to December 31, 2022.

Pursuant to the Amalgamation Agreement and upon the satisfaction or waiver of the conditions set out therein, the following among other things, are required to be prior to consummation of the Proposed Transaction:

(i) Pima Corp. shall change its name to "Cybeats Technologies Corp.". Pima Corp. changed its name to Cybeats Technologies Corp. on November 9, 2022;

(ii) Subco shall complete a non-brokered private placement financing (the "Financing") for minimum gross proceeds of CDN $7,000,000. The Financing was completed on November 4, 2022 through the issuance of 13,323,800 units (each, a "PP Unit") at a price of $0.50 (the "Issue Price") per PP Unit for gross proceeds of $6,661,900. Each PP Unit is comprised of one common share in the capital of Subco (each, a "Subco Share") and one Subco Share purchase warrant (each, a "PP Warrant"). Each PP Warrant shall entitle the holder thereof to acquire one Common Share at a price of $0.60 per Common Share for a period of 18 months following the completion of the Proposed Transaction. In addition, the Company issued 3,411,000 subscription receipts (the "Subscription Receipts") in the capital of Subco at a price of $0.50 per Subscription Receipt for gross proceeds of $1,705,500. Each Subscription Receipt entitles the holder therefore to receive, without payment of additional consideration, one unit (each, a "Unit"). Each Unit Shall be comprised of one Subco Share and PP Warrant. In connection with the Financing, the Company paid certain eligible persons (each, a "Finder") a cash commission of $40,000 equal to 8% of the gross proceeds of the PP Units delivered by the Finder and issued 80,000 broker warrants (the "Broker Warrants") equal to 8% of the number of PP Units delivered by the Finders pursuant to the Offering. Each Broker Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.50 per Common Share for a period of 18 months from the completion of the Proposed Transaction. In addition, Pima Corp. paid Finders a cash commission of $102,330 equal to 6% of the gross proceeds of the Subscription Receipts.

(iii) Subco, a corporation formed solely for the purpose of facilitating the Proposed Transaction, will merge with and into Cybeats Technologies Corp., pursuant to which, among other things, all outstanding Subco Shares and all securities convertible into Subco Shares shall be exchanged for replacement securities of the resulting issuer, on a one-for-one basis, exercisable in accordance with their terms and conditions.

In addition, pursuant to the Amalgamation Agreement, Pima Corp. will assume all of the obligations of Scryb Inc. pursuant to the share exchange agreement dated March 2, 2021 (the "Share Exchange Agreement"), between Scryb, the Company, and the former shareholders of the Company (Note 14) with respect to the payment and the issuance of the aggregate performance consideration (the "Aggregate Performance Consideration") upon the closing of the Proposed Transaction. Pima Corp. and Scryb Inc. acknowledge and agree that those persons who are entitled to the payment and issuance of the Aggregate Performance Consideration must agree to receive payment from Pima Corp. In the event that they do not agree, Scryb Inc. will continue its obligations pursuant to the Share Exchange Agreement and complete the Aggregate Performance Consideration for such persons. In the event that the persons who are entitled to the payment from Pima Corp., Pima Corp. shall issue such number of common shares in the capital of Pima Corp. to Scryb Inc. equal in value to the number of common shares in the capital of Scryb Inc. that Scryb Inc. issues pursuant to the Aggregate Performance Consideration.