



THERMA BRIGHT INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED OCTOBER 31, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim financial statements of Therma Bright Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Therma Bright Inc.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at October 31, 2021	As at July 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 834,498	\$ 1,780,847
Inventory (note 3)	51,200	51,200
Prepaid expenses	-	26,000
Sales taxes recoverable	60,312	95,463
From directors (note 7)	22,139	-
Total current assets	968,149	1,953,510
Non-current assets		
Equipment (note 4)	79,018	83,176
Intangible asset (note 5)	196,865	205,650
Total assets	\$ 1,244,032	\$ 2,242,336
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 842,215	\$ 887,118
Total current liabilities	842,215	887,118
Non-current liabilities		
Long term debt (note 8)	40,000	40,000
Total liabilities	882,215	927,118
Equity		
Share capital (note 9)	18,961,137	18,913,637
Warrant reserve (note 10)	3,652,763	3,238,763
Share-based payments reserve (note 11)	6,317,076	5,020,076
Equity portion of convertible debentures	271,545	271,545
Deficit	(28,840,704)	(26,128,803)
Total equity	361,817	1,315,218
Total equity and liabilities	\$ 1,244,032	\$ 2,242,336

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

(Signed) "Rob Fia" _____ Director

(Signed) "Joe Heng" _____ Director

Therma Bright Inc.**Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended October 31, 2021	Three Months Ended October 31, 2020
Revenue	\$ 253	\$ 2,140
Operating expenses		
General and administrative	1,139,680	550,152
Research and development	254,187	464,280
Stock-based compensation expense	1,297,000	2,586,000
Total operating expenses	2,690,867	3,600,432
Loss from operations	(2,690,614)	(3,598,292)
Other expenses		
Loss on foreign exchange	(8,343)	(8,043)
Amortization	(12,944)	(307)
Net loss and comprehensive loss for the period	\$ (2,711,901)	\$ (3,606,642)
Basic and diluted net loss per share (note 12)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	219,486,019	196,922,289

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended October 31, 2021	Three Months Ended October 31, 2020
Operating activities		
Net loss for the period	\$ (2,711,901)	\$ (3,606,642)
Adjustments for:		
Stock-based compensation expense	1,297,000	2,586,000
Warrants issued for consulting	414,000	-
Shares and warrants issued for Orpheus	-	347,000
Amortization	12,944	307
Changes in non-cash working capital items:		
Other receivables and prepaid expenses	26,000	(30,232)
Inventory	-	(34,000)
Sales tax recoverable	35,151	(25,653)
Amounts payable and other liabilities	2,596	(229,734)
Net cash used in operating activities	(924,210)	(992,954)
Investing activities		
Purchase of equipment	-	(100,000)
Purchase of intangible asset	-	(200,000)
Net cash used in investing activities	-	(300,000)
Financing activities		
From directors received (repaid)	(22,139)	(49,323)
Proceeds from shares issued	-	262,625
Proceeds from exercise of warrants	-	80,000
Proceeds from exercise of options	-	280,000
Share issue cost	-	(13,600)
Net cash provided by (used in) financing activities	(22,139)	559,702
Net change in cash and cash equivalents	(946,349)	(733,252)
Cash and cash equivalents, beginning of period	1,780,847	1,061,767
Cash and cash equivalents, end of period	\$ 834,498	\$ 328,515
Other information		
Non-cash share issuance to settle obligations	\$ 47,500	\$ 370,000

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.

Condensed Interim Statements of Changes in Equity / (Deficit)

(Expressed in Canadian Dollars)

Unaudited

	Share capital	Shares to be issued	Warrant reserve	Share based payments reserve	Equity portion of convertible debenture	Deficit	Total
Balance, July 31, 2020	\$ 11,059,857	\$ 1,047,375	\$ 3,378,218	\$ 1,985,451	\$ 271,545	\$ (17,518,481)	\$ 223,965
Private placement	302,000	(987,375)	948,000	-	-	-	262,625
Shares issued for debt settlement	370,000	-	-	-	-	-	370,000
Share issue cost	(13,600)	-	-	-	-	-	(13,600)
Shares and warrants issued for Orpheus	175,000	-	172,000	-	-	-	347,000
Stock options exercised	1,454,315	(60,000)	-	(701,815)	-	-	692,500
Warrants exercised	118,000	-	(38,000)	-	-	-	80,000
Stock-based compensation expense	-	-	-	2,586,000	-	-	2,586,000
Net loss for the period	-	-	-	-	-	(3,606,642)	(3,606,642)
Balance, October 31, 2020	\$ 13,465,572	\$ -	\$ 4,460,218	\$ 3,869,636	\$ 271,545	\$ (21,125,123)	\$ 941,848
Balance, July 31, 2021	\$ 18,913,637	\$ -	\$ 3,238,763	\$ 5,020,076	\$ 271,545	\$ (26,128,803)	\$ 1,315,218
Warrants issued	-	-	414,000	-	-	-	414,000
Shares issued for debt settlement	47,500	-	-	-	-	-	47,500
Stock-based compensation expense	-	-	-	1,297,000	-	-	1,297,000
Net loss for the period	-	-	-	-	-	(2,711,901)	(2,711,901)
Balance, October 31, 2021	\$ 18,961,137	\$ -	\$ 3,652,763	\$ 6,317,076	\$ 271,545	\$ (28,840,704)	\$ 361,817

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Therma Bright Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2001. The Company is the developer of the AcuVid™ COVID-19 Rapid Antigen Saliva Test, is a progressive medical diagnostic and device technology company focused on providing consumers and medical professionals with quality, innovative solutions that address some of today's most important medical and healthcare challenges. The Company's initial breakthrough proprietary technology delivers effective, non-invasive, and pain-free skincare. Therma Bright received a Class II medical device status from the FDA for its platform technology that is indicated for the relief of the pain, itch, and inflammation of a variety of insect bites or stings. The Company received clearance for the above claims from the US FDA in 1997.

Going concern

During the three months ended October 31, 2021, the Company incurred a loss of \$2,711,901 (October 31, 2020 - loss of \$3,606,642) and as of October 31, 2021, the Company had an accumulated deficit of \$28,840,704 (July 31, 2021 - \$26,128,803) and a net working capital of \$125,934 (July 31, 2021 - \$1,066,392).

To this point, all operational activities and the overhead costs have been funded from the available cash and by equity and debt issuances, as well as loans from directors. The Company has been working, through third party service providers in marketing, sales, engineering and distribution, to sell its products online.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is monitoring the business environment as a result to ensure minimal disruption to business operations. The Company continues to be in operations as of the current date and Therma Bright's goal is to provide a low-cost, scalable saliva-based test for routine and widespread testing of both symptomatic and asymptomatic individuals at home and in schools, workplaces, nursing homes, sporting events, airports and other venues where a rapid result is required.

The Company will continue to secure new cash resources to meet its obligations. Management is currently evaluating and pursuing funding alternatives, including new equity, debt issuances and business line. While management has so far been successful in raising the required equity and debt financing, there is no assurance that these initiatives will continue to be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company's ability to continue as a going concern is dependent upon its ability to reach a profitable level of operations and obtain adequate financing. The accompanying condensed interim financial statements do not include any adjustments relating to the recoverability of assets and to the re-classification of assets and liabilities amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS's issued and outstanding as of December 30, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended July 31, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending July 31, 2022 could result in restatement of these unaudited condensed interim financial statements.

New accounting standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

New accounting standards and interpretations not adopted yet

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. Inventory

Inventory consists solely of finished goods. Since 2009, the Company has taken a cumulative inventory write-down of \$8,020 (2020 - \$8,020).

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

4. Equipment

Cost	Moulds	Furniture and fixtures	Total
Balance, July 31, 2020	\$ -	\$ 3,081	\$ 3,081
Additions	100,000	-	100,000
Balance, July 31, 2021 and October 31, 2021	\$ 100,000	\$ 3,081	\$ 103,081

Accumulated Depreciation	Moulds	Furniture and fixtures	Total
Balance, July 31, 2020	\$ -	\$ 1,068	\$ 1,068
Depreciation for the year	18,434	403	18,837
Balance, July 31, 2021	\$ 18,434	\$ 1,471	\$ 19,905
Depreciation for the period	4,078	80	4,158
Balance, October 31, 2021	\$ 22,512	\$ 1,551	\$ 24,063

Carrying Value	Moulds	Furniture and fixtures	Total
Balance, July 31, 2021	\$ 81,566	\$ 1,610	\$ 83,176
Balance, October 31, 2021	\$ 77,488	\$ 1,530	\$ 79,018

5. Intangible assets

Cost	Patents and trade marks	Domain name	Total
Balance, July 31, 2020	\$ -	\$ 49,490	\$ 49,490
Additions	200,000	-	200,000
Balance, July 31, 2021 and October 31, 2021	\$ 200,000	\$ 49,490	\$ 249,490

Accumulated Amortization	Patents and trade marks	Domain name	Total
Balance, July 31, 2020	\$ -	\$ 4,699	\$ 4,699
Amortization for the year	36,667	2,474	39,141
Balance, July 31, 2021	\$ 36,667	\$ 7,173	\$ 43,840
Amortization for the period	8,166	619	8,785
Balance, October 31, 2021	\$ 44,833	\$ 7,792	\$ 52,625

Carrying Value	Patents and trade marks	Domain name	Total
Balance, July 31, 2021	\$ 163,333	\$ 42,317	\$ 205,650
Balance, October 31, 2021	\$ 155,167	\$ 41,698	\$ 196,865

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

6. Accounts payable and accrued liabilities

	As at October 31, 2021	As at July 31, 2021
Accounts payable and accrued liabilities	\$ 308,492	\$ 481,995
Amounts due to related parties	533,723	405,123
Total accounts payable and accrued liabilities	\$ 842,215	\$ 887,118

During the three months ended October 31, 2021, the Company settled \$47,500 (period ended July 31, 2021 - \$370,000) of accounts payable balances by the issuance of common shares.

7. From directors

	As at October 31, 2021	As at July 31, 2021
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The advance to directors relates to advances regarding the payment of expenses on behalf of the Company.

8. Long term debt

	As at October 31, 2021	As at July 31, 2021
Canada Emergency Business Account (CEBA) loan ⁽ⁱ⁾	40,000	40,000

i) Canada Emergency Business Account (CEBA) loan

In April 2020, the Company received \$40,000 in Canada Emergency Business Account (CEBA) loan, funded by the Federal Government. The terms of the loan is: Interest rate is 0% per year, but subject to the interest rate disclosed below in the loan extension section; loan repayment in whole or in part on or after July 1, 2020; \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022.

Loan extension terms are: If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%; Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025. However, you may repay some or all of the loan at any time.

9. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

9. Share capital (continued)

b) Common shares issued

	Number of common shares	Amount
Balance, July 31, 2020	164,755,622	\$ 12,107,232
Private placement ⁽ⁱ⁾	16,666,667	262,625
Fair value of warrants issued ⁽ⁱ⁾	-	(948,000)
Costs of issuance	-	(13,600)
Warrants exercised	800,000	118,000
Stock options exercised	9,075,000	1,394,315
Shares to Orpheus ⁽ⁱⁱ⁾	1,000,000	175,000
Shares issued for debt settlement ⁽ⁱⁱⁱ⁾	4,625,000	370,000
Balance, October 31, 2020	196,922,289	\$ 13,465,572
Balance, July 31, 2021	219,407,283	\$ 18,913,637
Shares issued for debt settlement ^(iv)	118,750	47,500
Balance, October 31, 2021	219,526,033	\$ 18,961,137

i) On August 5, 2020, the Company completed the closing of a non-brokered private placement of 16,666,667 units for gross proceeds of \$1,250,000. Each Unit comprised of one common share of the Company and one half (0.5) of one common share purchase warrant, and each whole warrant will be exercisable for one additional common share of the Company at a price of \$0.15 for a period of 6 months from the closing date of the private placement. The warrants were assigned a value of \$948,000 using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%; share price of \$0.20; expected volatility of 189% based on historical trends; risk free interest rate of 0.18%; and an expected average life of 6 months.

No finder's fee was paid in conjunction with the Offering. Insiders of the Company purchased a total of 2,866,667 units under the private placement.

ii) On August 13, 2020, as part of the binding letter of intent with Orpheus to partner in the development of a rapid saliva test for the detection of the virus (SARS CoV 2) causing COVID 19, the Company issued to Orpheus of 1,000,000 common shares and 1,000,000 warrants exercisable at \$0.05 per share with a 5 year expiry. The shares were valued at 175,000 and the warrants were assigned a value of 172,000 using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%; share price of \$0.175; expected volatility of 189% based on historical trends; risk free interest rate of 0.43%; and an expected average life of 60 months.

iii) On August 14, 2020, the Company settled aggregate debt of \$370,000 outstanding as at June 30, 2020, in consideration for which it issued an aggregate of 4,625,000 common shares at a deemed price of \$0.08 per share.

iv) On August 12, 2021, the Company settled aggregate debt of \$47,500 outstanding as at June 30, 2020, in consideration for which it issued an aggregate of 118,750 common shares at a deemed price of \$0.40 per share.

Therma Bright Inc.
Notes to Condensed Interim Financial Statements
Three Months Ended October 31, 2021
(Expressed in Canadian Dollars)
Unaudited

10. Warrant reserve

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
Balance, July 31, 2020	7,380,000	\$ 0.09
Issued (note 9)	9,333,333	0.14
Exercised	(800,000)	(0.10)
Balance, October 31, 2020	15,913,333	\$ 0.12
Balance, July 31, 2021	275,000	\$ 0.50
Issued ⁽²⁾ ⁽³⁾	1,025,000	0.44
Balance, October 31, 2021	1,300,000	\$ 0.46

The following table reflects the actual warrants issued as of October 31, 2021:

Issue date	Expiry date	Exercise price	Number of warrants
May 26, 2021	May 26, 2023	\$0.60	100,000
May 26, 2021 ⁽¹⁾	May 26, 2023	\$0.45	175,000
August 12, 2021 ⁽²⁾	August 12, 2023	\$0.46	700,000
August 31, 2021 ⁽³⁾	August 31, 2023	\$0.41	325,000
Weighted average exercise price		\$0.46	1,300,000

Some of the warrants are subject to acceleration in the event the Company's common shares trade at or above certain share prices.

- 1) On May 26, 2021, the Company issued 175,000 share purchase warrants to the consultant for the services provided. The warrants will be exercisable for two years and a exercise price of \$0.45. A value of \$51,800 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.37; expected volatility of 189% using the historical price history of the Company; risk-free interest rate of 0.31%; and an expected average life of 24 months.
- 2) On August 12, 2021, the Company issued 700,000 share purchase warrants to the consultant for the services provided. The warrants will be exercisable for two years and a exercise price of \$0.46. A value of \$300,000 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.44; expected volatility of 313% using the historical price history of the Company; risk-free interest rate of 0.46%; and an expected average life of 24 months.
- 3) On August 31, 2021, the Company issued 325,000 share purchase warrants to the consultant for the services provided. The warrants will be exercisable for two years and a exercise price of \$0.41. A value of \$114,000 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.36; expected volatility of 313% using the historical price history of the Company; risk-free interest rate of 0.43%; and an expected average life of 24 months.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

11. Stock options

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors totaling up to 10% of its issued and outstanding common shares. The aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price
Balance, July 31, 2020	13,015,000	\$ 0.09
Issued ⁽ⁱ⁾ ⁽ⁱⁱ⁾	14,150,000	0.22
Exercised	(9,075,000)	(0.08)
Balance, October 31, 2020	18,090,000	\$ 0.19
Balance, July 31, 2021	18,850,000	\$ 0.24
Issued ⁽ⁱⁱⁱ⁾	3,000,000	0.55
Balance, October 31, 2021	21,850,000	\$ 0.29

- i) On August 20, 2020, the Company granted of stock options to its directors, officers and consultants to purchase up to an aggregate of 13,950,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.22 per share and the options vested immediately. The estimated fair value of these options at the grant date was \$2,553,000 using the Black-Scholes valuation model. During the three months ended October 31, 2021, \$nil (three months ended October 31, 2020 - \$2,533,333) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.37%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: \$0.19.
- ii) On August 26, 2020, the Company granted of stock options to a director to purchase up to an aggregate of 200,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.22 per share. The options vest immediately. The estimated fair value of these options at the grant date was \$33,000 using the Black-Scholes valuation model. During the three months ended October 31, 2021, \$nil (three months ended October 31, 2020 - \$33,000) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 2.0%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: \$0.17.
- iii) On August 12, 2021, the Company granted of stock options to directors, officer and consultants to purchase up to an aggregate of 3,000,000 common shares of the Company. The options are exercisable for a period of three years at a price of \$0.55 per share. The options vest after immediately. The estimated fair value of these options at the grant date was \$1,297,000 using the Black-Scholes valuation model. During the three months ended October 31, 2021, \$1,297,000 (three months ended October 31, 2020 - \$nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.58%; expected life: 3.0 years; expected volatility: 278% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: \$0.44

Therma Bright Inc.**Notes to Condensed Interim Financial Statements****Three Months Ended October 31, 2021****(Expressed in Canadian Dollars)****Unaudited**

11. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of October 31, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 17, 2023	0.10	1.21	350,000	350,000
January 23, 2023	0.10	1.23	100,000	100,000
March 2, 2023	0.10	1.33	500,000	500,000
May 8, 2023	0.05	1.52	650,000	650,000
March 22, 2024	0.44	2.39	1,000,000	1,000,000
August 12, 2024	0.55	2.79	3,000,000	3,000,000
August 20, 2025	0.22	3.81	11,100,000	11,100,000
August 26, 2025	0.22	3.82	200,000	200,000
December 7, 2025	0.22	4.10	250,000	250,000
December 24, 2025	0.22	4.15	200,000	200,000
January 5, 2026	0.28	4.18	750,000	750,000
January 15, 2026	0.35	4.21	200,000	200,000
January 25, 2026	0.45	4.24	300,000	300,000
February 25, 2026	0.38	4.32	750,000	750,000
March 4, 2026	0.30	4.34	2,500,000	2,500,000
	\$0.29	3.53	21,850,000	21,850,000

12. Loss per share

For the three months ended October 31, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$2,711,901 (three months ended October 31, 2020 - \$3,606,642) and the weighted average number of common shares outstanding of 219,486,019 (three months ended October 31, 2020 - 196,922,289). Diluted loss per share did not include the effect of \$21,850,000 stock options (three months ended October 31, 2020 - \$18,090,000) or \$1,300,000 warrants (three months ended October 31, 2020 - \$15,913,333) as they are anti-dilutive.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

13. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount established and agreed to by the related parties.

(a) The Company entered into the following transactions with related parties:

	Three Months Ended October 31,	
	2021	2020
Marrelli Support Services Inc. ("Marrelli Support") (i)	\$ 5,916	\$ 4,798
Intelvest Inc. ("Intelvest") (ii)	158,750	31,250

i) For the three months ended October 31, 2021, the Company expensed \$5,916 (three months ended October 31, 2020 - \$4,798) to Marrelli Support for the services of Vic Hugo to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Vic Hugo is an employee of Marrelli Support. As at October 31, 2021, Marrelli Support was owed \$11,223 (July 31, 2021 - \$10,123) and this amount was included in accounts payable and accrued liabilities.

ii) For the three months ended October 31, 2021, the Company expensed \$158,750 (three months ended October 31, 2020 - \$31,250) to Intelvest, a company controlled by a director and officer of the Company, for the management services of Rob Fia to act as Chief Executive Officer of the Company. As at October 31, 2021, Intelvest, was owed \$502,500 (July 31, 2021 - \$375,000) bonus payable based on stock price performance and this amount was included in accounts payable and accrued liabilities.

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended October 31,	
	2022	2021
Share-based payments	648,500	1,899,710
Total remuneration	\$ 648,500	\$ 1,899,710

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. As at October 31, 2021, directors and key management personnel of the Company were owed \$10,000 (July 31, 2021 - \$10,000) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

(c) Insider shareholdings

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

As of October 31, 2021, directors and officers of the Company, with individual control of less than 10% of the total common shares outstanding, collectively control 14,363,744 common shares of the company or approximately 7% of the total common shares outstanding. To the knowledge of the directors and officers of the Company, the remaining common shares of the Company were widely held.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

Unaudited

14. Contingencies and commitments

- a) The Company has offered a "Risk Free Guarantee" on sales of InterceptCS™ product allowing consumers if they are not satisfied with the product, within 90 days of the date of purchase, to return product directly to the Company for a full refund. While returns have been insignificant to date, there can be no assurance that the Company will not receive an increased level of returns in the future.