



nextech AR
s o l u t i o n s

NEXTECH3D.AI CORPORATION
(formerly NexTech AR Solutions Corp.)

Consolidated Financial Statements

For the 12 months period ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	6	75,620	907,847
Receivables	8	334,343	357,398
Contract asset	17(c)	-	51,320
Net investment in sublease	10	266,435	199,933
Prepaid expenses and deposits		108,774	294,471
		785,172	1,810,969
Equipment	9	-	325,633
Deferred consideration	7	-	206,850
Net investment in sublease	10	482,509	642,983
Total assets		1,267,681	2,986,435
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12, 16	4,858,736	3,531,460
Deferred revenue	17(b)	462,375	342,192
Current portion of lease liability	10	151,694	143,722
		5,472,805	4,017,374
Lease liability	10	376,069	469,624
Total liabilities		5,848,874	4,486,998
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	14(b)	95,221,788	91,909,495
Reserves		14,048,267	14,166,972
Accumulated other comprehensive income		624,292	678,143
Deficit		(117,393,229)	(112,211,223)
Equity attributable to shareholders of the Company		(7,498,882)	(5,456,613)
Non-controlling interest		2,917,689	3,956,050
Total shareholders' equity (deficiency)		(4,581,193)	(1,500,563)
Total liabilities and shareholders' equity (deficiency)		1,267,681	2,986,435

Nature of operations and going concern (Note 1)
Subsequent events (Note 24)

Approved and authorized for issue on behalf of the Board of Directors:

/s/“Evan Gappelberg”
Director

/s/“Anthony Pizzonia”
Director

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

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

		12 months period ended December 31,	
	Note	2024	2023
		\$	\$
Revenue	17(a)	3,183,816	5,033,202
Cost of sales	16, 18(a)	(1,178,412)	(3,586,162)
Gross profit		2,005,404	1,447,040
Operating expenses			
Sales and marketing	18(b)	1,769,968	4,546,502
General and administrative	16, 18(c)	5,022,748	9,362,610
Research and development	18(d)	1,539,277	3,249,799
Share-based compensation	14(e), 16	226,506	1,775,695
Amortization of intangible assets	11	-	2,105,689
Amortization of right-of-use asset	10	-	55,728
Depreciation	9	90,267	87,824
Loss (gain) on investment		(100,000)	-
Operating loss		(6,543,362)	(19,736,807)
Other income (expenses)			
Gain on recognition of sublease	10	-	120,626
Equipment write-off	9	(348,454)	(85,679)
Impairment of intangible assets and goodwill	11	-	(7,575,263)
Foreign exchange gain (loss)		(93,772)	(14,393)
Other Income		8,226	-
Loss before taxes from continuing operations		(6,977,362)	(27,291,516)
Deferred income tax recovery		-	29,974
Net loss from continuing operations		(6,977,362)	(27,261,542)
Net loss from discontinued operations	7	-	(452,814)
Net loss		(6,977,362)	(27,714,356)
Other comprehensive loss			
Exchange gain or (loss) on translation of foreign operations		(53,851)	(148,958)
Total comprehensive loss		(7,031,213)	(27,863,314)
Net loss from continuing operations:			
Attributed to shareholders of the Company		(5,182,006)	(25,109,547)
Attributed to non-controlling interest		(1,795,356)	(2,151,995)
Net loss from discontinued operations:			
Attributed to shareholders of the Company		-	(452,814)
Total comprehensive loss:			
Attributed to shareholders of the Company		(5,235,857)	(25,711,319)
Attributed to non-controlling interest		(1,795,356)	(2,151,995)
Loss per share from continuing operations			
Basic and diluted		(0.04)	(0.22)
Loss per share from discontinued operations			
Basic and diluted		(0.00)	(0.00)
Weighted average number of common shares			
Basic and diluted		132,680,709	114,085,494

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

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	12 months period ended December 31,	
	2024	2023
	\$	\$
Operating activities:		
Net loss for the period	(6,977,362)	(27,714,356)
Adjustments for:		
Interest income from sublease	(35,587)	(39,903)
Interest expense from lease	30,211	30,217
Share-based compensation	226,505	1,775,695
Amortization of intangible assets	-	2,105,689
Amortization of right-of-use asset	-	55,728
Depreciation	90,268	87,824
Gain on recognition of sublease	-	(120,626)
Equipment write-off	321,621	85,679
Impairment of intangible assets and goodwill	-	7,759,360
Expenses paid with common shares of the Company	-	648,891
Loss on disposal of PET	-	173,534
Changes in non-cash working capital:		
Receivables	23,055	386,933
Contract asset	51,320	537,695
Prepaid expenses and deposits	185,697	16,435
Inventory	-	45,289
Accounts payable and accrued liabilities	1,327,276	917,814
Deferred revenue	120,183	(95,554)
Cash used in operating activities	(4,636,813)	(13,343,656)
Investing activities:		
Purchase of equipment	(77,470)	(227,250)
Proceeds from deferred consideration	206,849	-
Payments received from sublease	207,463	66,554
Cash used in investing activities	336,842	(160,696)
Financing activities:		
Net proceeds from private placements	411,656	5,726,654
Proceeds from employee pay program	2,428,977	2,269,704
Proceeds from securities issued to non-controlling interest	883,446	2,813,107
Repayment of lease liability	(166,278)	(203,762)
Cash provided by financing activities	3,557,801	10,605,703
Effect of foreign exchange on cash and cash equivalents	(90,057)	29,379
Change in cash and cash equivalents	(742,170)	(2,898,649)
Cash and cash equivalents, beginning of period	907,847	3,777,117
Cash and cash equivalents, end of period	75,620	907,847
Cash and cash equivalents, end of period, continuing operations	75,620	907,847
Cash interest paid	(30,211)	30,217
Cash interest received	35,587	121,122

Supplemental cash flow disclosures (Note 20)

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

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Reserves	Accumulated other comprehensive income	Deficit	Non- controlling interest	Total
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	103,437,469	83,271,707	12,754,706	827,101	(85,898,862)	2,174,048	13,128,700
Shares issued for services	1,030,237	641,391	7,500	-	-	-	648,891
Shares issued for employee pay program	4,445,938	2,809,948	(309,725)	-	-	(230,519)	2,269,704
Shares issued from short form prospectus	18,584,569	6,148,891	391,240	-	-	-	6,540,131
Share issuance costs	-	(962,442)	148,965	-	-	-	(813,477)
Share-based compensation	-	-	871,039	-	-	904,656	1,775,695
Distribution to shareholders (Note 5)	-	-	(1,000,000)	-	(750,000)	1,750,000	-
Other net changes in capitalization	-	-	1,303,247	-	-	1,509,860	2,813,107
Exchange loss on translation of foreign operations	-	-	-	(148,958)	-	-	(148,958)
Net loss for the period	-	-	-	-	(25,562,361)	(2,151,995)	(27,714,356)
Balance, December 31, 2023	127,498,213	91,909,495	14,166,972	678,143	(112,211,223)	3,956,050	(1,500,563)
Shares issued for services	-	-	-	-	-	-	-
Shares issued for employee pay program	28,101,397	2,942,643	(513,666)	-	-	-	2,428,977
Shares issued from short form prospectus	4,750,000	303,150	108,506	-	-	-	411,656
Share issuance costs	-	-	-	-	-	-	-
Share-based compensation	500,000	66,500	(52,508)	-	-	212,514	226,506
Distribution to shareholders (Note 5)	-	-	-	-	-	-	-
Other net changes in capitalization	-	-	338,963	-	-	544,481	883,444
Exchange gain on translation of foreign operations	-	-	-	(53,851)	-	-	(53,851)
Net loss for the period	-	-	-	-	(5,182,006)	(1,795,356)	(6,977,362)
Balance, December 31, 2024	160,849,610	95,221,788	14,048,267	624,292	(117,393,229)	2,917,689	(4,581,193)

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

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Consolidated Financial Statements
For the 12 months periods ended December 31, 2024 and 2023
(Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.) (“NexTech” or the “Company”) is a metaverse company that provides augmented reality experience technologies, wayfinding technologies, and 3D model services. The Company was incorporated in the province of British Columbia, Canada on January 12, 2018. The Company’s registered office is located at PO Box 64039 RPO Royal Bank Plaza, Toronto, Ontario, M5J 2T6. The Company’s shares are traded on the Canadian Securities Exchange (the “CSE”) under the trading symbol “NTAR”, on the Frankfurt Stock Exchange under the trading symbol “1SS”, and in the United States of America on the OTCQX under the trading symbol “NEXCF”.

On September 28, 2023, the Company changed its name from NexTech AR Solutions Corp. to NexTech3D.AI Corporation.

These consolidated financial statements for the 12 months period ended December 31, 2024 and 2023 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at December 31, 2024, the Company had a working capital deficiency of \$ 4,687,633 (December 31, 2023 - working capital of \$ 2,206,405) and an accumulated deficit of \$117,393,229 (December 31, 2023 - \$112,211,223). For the 12 months period ended December 31, 2024, the Company incurred a net loss of \$6,977,362 (2023 - \$27,714,356) and used total cash in operations of \$4,636,813 (2023 - \$13,343,656). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on February 28, 2025.

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars (“CAD”) which is the functional currency of the Company. An entity’s functional currency is the currency of the primary economic environment in which an entity operates and is listed in Note 2(d) for each of the Company’s subsidiaries. References to “\$” are to Canadian dollars, references to “US\$” or “USD” are to United States dollars.

d) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control occurs when the Company is exposed to, or has right to, variable return from its involvements with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Consolidated Financial Statements
For the 12 months periods ended December 31, 2024 and 2023
(Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION (continued)

A summary of the Company's subsidiaries included in these financial statements as at December 31, 2024 is as follows:

Name of subsidiaries	Country of incorporation	Percentage ownership	Functional currency	Principal activity
NexTech AR Solutions USA LLC	United States	100%	USD	Holding company
NexTech AR Solutions Inc. (formerly Jolokia Corporation)	United States	100%	USD	Technology services
AR Ecommerce LLC ("VCM") ⁽¹⁾	United States	100%	USD	E-Commerce platforms
Threedy.ai Inc	United States	100%	USD	Technology services
ARway Ltd.	England	100%	USD	Holding company
ARway Corporation ("ARway")	Canada	39%	CAD	Technology services
Toggle3D.ai Inc. ("Toggle")	Canada	31%	CAD	Technology services
Toggle 3D AR Solution India Private Limited	India	100%	CAD	India operations

(1) The Company has discontinued the operations of its eCommerce platforms. Note 7.

The Company obtained control over ARway and Toggle through its majority presentation on the board of directors in addition to its percentage of common share ownership.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

b) Inventory

Inventory consists solely of finished goods. Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost basis. The realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value.

c) Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Equipment is amortized on a straight-line basis over five years.

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset. When parts of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The cost of major overhauls of parts of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
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For the 12 months periods ended December 31, 2024 and 2023
(Expressed in Canadian dollars, except where noted)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) Intangible assets and goodwill

Intangible assets are recognized and measured at cost. Intangible assets with finite useful lives are amortized using the straight-line method over the useful life of the asset. The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for intangible assets and any changes arising from the assessment are applied by the Company prospectively. The following table presents the Company's assessment of the useful lives of intangible assets:

Website	10 years
Customer relationships	5 - 10 years
Supplier relationships	5 - 10 years
Brand (Trademarks)	2 - 4 years
Technology	2 - 3 years

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the fair value of the acquiree's identifiable assets and liabilities. Any negative difference is recognized directly in profit or loss. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating unit or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

e) Leases

Lease accounting for lessee

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Lease accounting for lessor

As the lessor, the Company classifies lease arrangements as either operating or finance leases, depending upon evaluating whether the risks and rewards associated with the underlying asset have been substantially transferred to the lessee. When the lease is treated as an operating lease, the Company recognizes lease payments from operating leases as income on profit or loss. In the case of a finance lease, the Company derecognizes the underlying asset and presents the asset held under finance lease on the statement of financial position, represented as a receivable at an amount equal to the net investment in the lease, which is determined by discounting contractual lease payments. Any difference between the carrying value of the derecognized asset and the net investment in the lease is recorded in profit or loss. The net investment in the lease is subsequently measured at amortized cost using the effective interest method.

When acting as a sublessor, the Company adheres to the aforementioned accounting policy, with the sublease being classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

f) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually, whether or not there is any indication that it may be impaired:

- an intangible asset with an indefinite useful life;
- an intangible asset not yet available for use; and
- goodwill recognized in a business combination.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Consolidated Financial Statements
For the 12 months periods ended December 31, 2024 and 2023
(Expressed in Canadian dollars, except where noted)

The recoverable amount of an asset or cash-generating unit (“CGU”) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that impairment may have reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only 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 in prior periods.

g) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument-by-instrument basis) on the day of acquisition to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

A summary of the Company’s classification of financial instruments under IFRS 9 *Financial Instruments* is as follows:

Financial instrument	Classification
Financial assets	
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Deferred consideration	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Factoring liability	Amortized cost

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in profit or loss. The Company does not have any FVTPL financial assets and liabilities.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are recognized in other comprehensive income (loss). The Company does not have any FVTOCI financial assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Consolidated Financial Statements
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Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company recognize in the consolidated statements of income (loss) and comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

For the Company's trade receivables, the simplified approach for determining expected credit losses is used under IFRS 9, which requires the Company to determine the lifetime expected losses for all its trade receivables. The lifetime expected credit loss provision for the Company's trade receivables is based on historical default rates and other relevant forward-looking information.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, 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 the profit or loss.

h) Assets classified as held for sale

The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts through a sale of the assets. To meet the criteria to be classified as held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Company must be committed to a plan to sell the assets, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The Company measures assets or disposal groups at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying assets as held for sale, the Company presents the assets and the associated liabilities as a single amount on the consolidated statements of financial position. Comparative period balances are not restated. Assets held for sale are not depreciated, depleted, or amortized.

During the 12 months period ended December 31, 2022, the Company decided to divest its business line Infinite Pet and classified the business line's assets and liabilities as held for sale. The business line was fully disposed during the 12 months period ended December 31, 2023 (Note 7).

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Under the guidance of IFRS 10 *Consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from the investor's involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquirer's returns. The acquiree's identifiable assets, liabilities, and contingent liabilities are recognized at their fair value at the acquisition date. Goodwill is initially measured at cost being the excess of the purchase consideration of the business combination over the Company's share in the fair value of the acquiree's identifiable assets and liabilities. If the purchase consideration is less than the fair value of the identifiable net assets acquired, the difference is recognized directly in profit or loss.

j) Foreign currency transactions

For foreign currency transactions, the Company translates each transaction by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are restated using the closing exchange rate at the reporting date, and non-monetary assets and liabilities measured at fair value are translated using the exchange rate at the date when fair value was measured. Exchange differences are recognized in profit or loss for the period in which they arise. However, if fair value changes for a non-monetary item measured at fair value are recognized in other comprehensive income, the exchange difference component of the change in fair value is recognized in other comprehensive income.

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing exchange rate prevailing at the reporting date.
- Income and expenses are translated at the average exchange rate for the period.

Exchange differences arising from translation of foreign operations are recognized in other comprehensive income in the period.

k) Share-based payments

Stock option plan

The Company has a stock option plan, which allows grants of options to purchase common shares by the Company's directors, officers, employees, and consultants. These stock options are treated as equity-settled share-based payment, with their fair value measured on the grant date and recognized as share-based compensation expense over the vesting period. The corresponding offset is recorded in reserves. The amount recognized as share-based compensation expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. The fair value of options granted to directors and employees is measured using the Black-Scholes option pricing model on the date of issuance. Consideration received on the exercise of stock options is recorded as share capital, and the amount previously recognized in reserves is transferred to share capital. For options that expire unexercised, the initial fair value recorded remains in reserves.

Shares issued for services

When the Company issues shares in exchange for services, the share issuance is treated as an equity-settled share-based payment. Company records an increase in share capital and the corresponding operating expense at the value of the services provided. If the value of the services cannot be reliably determined, the amount recognized equals the value of the shares, measured at the closing share price on the date of grant.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

l) Employee pay program

On July 12, 2022, the Company introduced an employee pay program for the purpose of maintaining a sustainable cash position by allowing the Company to pay for services through the issuance and sale of the Company's common shares. Under this program, the Company issues warrants with a specified exercise price to its employees. The warrants convert to common shares pursuant to services being completed by employees. Subsequently, a third-party program administrator completes the sale of the common shares, and the proceeds are used to facilitate cash disbursements in connection with employee services rendered. The employees are guaranteed an amount equal to the greater of (i) value of the common shares measured at their exercise price (the "cost of shares") and (ii) the proceeds from the sale of the common shares.

The Company recognizes salaries and wages expense as employees render services, with the offset recorded within accounts payable and accrued liabilities at an amount equal to the cost of shares. When the Company completes the sale of the common shares, it records an increase in share capital at the fair value of the shares. In cases where the common shares are sold below their cost, the Company compensates employees for the shortfall and recognizes a loss on the sale of common shares in employee pay program in profit or loss.

m) Valuation of equity units issued in private placements

The Company follows the residual method with respect to the measurement of common shares and common share purchase warrants issued as private placement units. Proceeds from private placements are first allocated to the common shares contained in the units based on the market value of shares on the date of issuance, with any residual amount allocated to warrants in the units. If the proceeds are less than or equal to the estimated fair market value of the share issuance, a nil carrying amount is assigned to the warrants. The value of warrants is recorded within reserves. Consideration received on the exercise of warrants is recorded as share capital, and the amount previously recognized in reserves is transferred to share capital. For warrants that expire unexercised, the initial fair value recorded remains in reserves.

Professional, consulting, regulatory, and other costs directly attributable to equity transactions are recorded as share issuance costs.

n) Revenue

The Company recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. Revenue represents the fair value on consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from the sale of renewable software licenses and technology services.

Renewable software licenses

The Company sells software licenses on a specified term basis, with customer held options for renewal where the proceeds are considered to relate to the right to use the asset over the license period therefore revenue is recognized over that period. If it is determined that the license is not distinct from other performance obligations, revenue is recognized over time as the customer simultaneously receives and consumes the benefit.

Technology Services

For virtual events and technology services, the Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the service is distinct from some or all of the other services in the arrangement. A service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct services are combined with other services until they are distinct as a bundle and therefore form a single performance obligation. Recognition of revenue from contracts for virtual events and technology services is recognized over time based on the progress towards satisfying performance obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contract asset and deferred revenue

Contract asset

Contract asset represents the revenue which has not been billed but are expected to be billed and collected from customers for provision of services to date and is valued at estimated net realizable value and capitalized costs that are identifiable and specifically attributable to certain revenue contracts.

Deferred revenue

Billings in excess of time value incurred on work in progress in accordance with customer contracts, for which future services will be provided, are recognized as deferred revenue. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

o) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares issued and outstanding during the period. Diluted earnings (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, when a loss is incurred during the period, diluted and basic loss per share are the same because the effect on loss per share of potential issuance of shares under options and warrants would be anti-dilutive.

p) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the profit or loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

q) New accounting standards and interpretations

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after January 1, 2024:

Disclosure of accounting policies - amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Definition of accounting estimates - amendments to IAS 8

The amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors* clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12

The amendments to IAS 12 *Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements and applying its accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below.

a) Determination of functional currency

The functional currency for the Company and each of its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company reassesses the functional currency of an entity when there is a change in events and conditions which previously determined the primary economic environment of an entity.

b) Classification as assets held for sale

Judgment is required in determining if non-current assets (and disposal groups) meet the criteria for classification as assets and liabilities held for sale in the consolidated statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose the assets, if the expected selling price is reasonable, the expected timeframe of the completion of the anticipated sale, and the length of time any amounts have been classified as assets held for sale. The determination of the carrying amount of assets held for sale involves estimating fair value less costs to sell, which is subject to estimation uncertainty.

c) Assessment of the transactions as business combinations or asset acquisitions

Management has had to apply judgment relating to an acquisition with respect to whether the acquisition is a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes, and outputs of the acquisition in order to reach a conclusion. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits.

d) Valuation of net assets acquired in business combinations

Estimates were made as to the fair value of assets and liabilities acquired in business combinations. In certain circumstances, such as the valuation of equipment and intangible assets, the Company will rely on independent third-party valuers. The Company measured all assets acquired and liabilities assumed at their acquisition-date fair values.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

e) Review of asset carrying values and impairment assessment

The assessment of the fair value of equipment, intangible assets, and goodwill requires the use of estimates and assumptions for recoverable service costs, customer demands, discount rates, foreign exchange rates, future capital requirements, and operating performance. Changes in any of the estimates or assumptions used in determining the fair values could impact the impairment analysis.

Each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment-based, a formal estimate of the recoverable amount is performed, and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, technological obsolescence, competitive landscape, regulatory changes as well as operation budgets and forecasts.

The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales contract volumes, service costs and contract prices, discount rates, operating costs, taxes, and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in profit or loss.

f) Share-based payments

Management is required to make a number of estimates when determining the fair value of the stock options and share-based compensation to be recognized each reporting period. These estimates include assumptions about volatility of share price, risk-free rate and expected life of the instruments.

g) Revenue recognition

The Company derives its revenue from provision of technology services for virtual events which include the grant to use licenses, set up of the events and renewable software licenses which includes revenue from software licenses which is recognized over the term of the agreement. The assessment of whether such services are separately identifiable performance obligations and the allocation of the total price among the performance obligations requires judgement from management.

h) Research and development costs

Research costs are expensed as incurred, while development costs are potentially eligible for capitalization as intangible assets if specific conditions outlined in IAS 38 *Intangible Assets* are met. Management is required to exercise judgment in determining whether development costs qualify for capitalization. Following management's assessment, it has been determined that the development costs incurred do not meet the criteria for capitalization as specified in IAS 38. Consequently, all research and development costs have been expensed.

i) Deferred income tax assets and liabilities

The valuation of deferred tax assets and liabilities requires the Company to estimate the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities. The Company applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

5. SPINOUT TRANSACTIONS

On October 26, 2022, the Company successfully completed the spinout of ARway, trading on the CSE under the symbol "ARWY". ARway specializes in offering a no-code spatial mapping platform for the metaverse, an immersive virtual environment.

As part of the spinout of ARway, ARway issued a total of 26,629,552 common shares ("ARway shares"). Of the ARway shares issued, 19,999,900 were issued in exchange for intangible assets of the Company with a carrying value of \$448,293 and 6,629,552 were issued to non-controlling interest for cash proceeds of \$1,657,389. The Company transferred 7,000,000 ARway shares to its shareholders with a fair value of \$1,000,000 as a distribution to shareholders.

On June 13, 2023, the Company completed its spinout of Toggle, an AI-powered 3D design studio, which began trading on the CSE under the symbol "TGGL".

As part of the spinout of Toggle, Toggle issued a total of 28,632,473 common shares ("Toggle shares"). Of the Toggle shares issued, 19,999,900 were issued to the Company in exchange for intangible assets of the Company and 8,632,473 were issued to the non-controlling interest for cash proceeds of \$2,158,356. The Company transferred 4,000,000 Toggle shares to its shareholders with a fair value of \$1,000,000 as a distribution to shareholders, and 3,000,000 Toggle shares with a fair value of \$750,000 as compensation for services.

6. CASH AND CASH EQUIVALENTS

a) Cash held in guaranteed investment certificates

As at December 31, 2024, cash and cash equivalents included \$nil held in guaranteed investment certificates ("GICs") (December 31, 2023 - \$700,000 at 4.95%). During the 12 months period ended December 31, 2024, interest income from GICs was \$1,307 (2023 - \$143,285) and is included in revenue (Note 17(a)).

b) Cash held in relation to employee pay program

As at December 31, 2024, in connection with the employee pay program, the Company had cash held in a trust account of \$nil (December 31, 2023 - \$847). The cash does not earn interest and is used to pay salaries and wages.

7. DISCONTINUED OPERATIONS

On June 16, 2022, the Company announced the winding down of its eCommerce businesses to focus on augmented reality solutions. This resulted in VCM and Infinite Pet ("PET") being classified as discontinued operations. On March 9, 2023, the Company completed the sale of PET to a third party for total purchase consideration of \$206,850 (US150,000). The purchase consideration was structured to be paid monthly from 50% of profits generated by PET post-sale until fully settled and was initially presented as deferred consideration on the consolidated statements of financial position. Prior to the sale, PET had goodwill of \$184,097, which was fully impaired to nil during the 12 months period ended December 31, 2023.

As disclosed in the Letter of Satisfaction, the deferred consideration was subsequently settled as follows:

- Total payments received amounted to \$138,143, with the final payment of \$18,780 received on August 23, 2024.
- The remaining balance of the purchase consideration was forgiven by the seller, resulting in no further obligations under the agreement.

All contractual terms were fulfilled, and no outstanding claims or disputes remain. The transaction is formally closed as confirmed by the Letter of Satisfaction. The deferred consideration was removed from the Consolidated Statement of Financial Position upon final settlement in 2024.

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7. DISCONTINUED OPERATIONS (continued)

A summary of the Company's results of discontinued operations for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Revenue	-	29,053
Cost of sales	-	(50,557)
Gross profit (loss)	-	(21,504)
Operating expenses		
Sales and marketing	-	12,093
General and administrative	-	52,154
Amortization of right-of-use asset	-	-
Depreciation	-	-
Operating loss	-	(85,751)
Other expenses		
Foreign exchange loss	-	(9,432)
Impairment of intangible assets and goodwill	-	(184,097)
Loss on disposal of PET	-	(173,534)
Loss before tax from discontinued operations	-	(452,814)
Income tax expense	-	-
Net loss from discontinued operations	-	(452,814)

A summary of the Company's cash flows from discontinued operations for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Cash (used in) provided by operating activities	-	(38,959)
Cash used in investing activities	-	-
Cash used in financing activities	-	-
	-	(38,959)

A summary of the Company's loss on disposal of PET as at March 9, 2023 is as follows:

	\$
Assets:	
Cash	39,519
Receivables	31,425
Inventory	408,010
Liabilities:	
Accounts payable and accrued liabilities	98,570
Net assets	380,384
Deferred consideration	206,850
Loss on disposal of PET	(173,534)

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8. RECEIVABLES

A summary of the Company's receivables is as follows:

	December 31, 2024	December 31, 2023
	\$	\$
GST receivables	7,903	66,118
Trade receivables	326,440	291,280
	334,343	357,398

9. EQUIPMENT

A summary of the Company's equipment is as follows:

	Computer equipment	Trade show equipment	Office furniture and equipment	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2022	461,264	16,440	200,549	678,253
Additions	219,208	-	8,042	227,250
Write-off	(156,352)	(16,440)	(122,908)	(295,700)
Currency translation effects	(13,963)	-	(1,744)	(15,707)
Balance, December 31, 2023	510,157	-	83,939	594,096
Additions	74,870	-	2,600	77,470
Write-off	(604,570)	-	(89,059)	(693,629)
Currency translation effects	19,543	-	2,520	22,063
Balance, December 31, 2024	-	-	-	-
Accumulated depreciation				
Balance, December 31, 2022	233,893	15,619	150,278	399,790
Depreciation	74,758	821	12,245	87,824
Write-off	(81,109)	(16,440)	(112,472)	(210,021)
Currency translation effects	(7,701)	-	(1,429)	(9,130)
Balance, December 31, 2023	219,841	-	48,622	268,463
Depreciation	86,532	-	3,736	90,268
Write-off	(317,587)	-	(54,421)	(372,008)
Currency translation effects	11,214	-	2,063	13,277
Balance, December 31, 2024	-	-	-	-
Carrying value				
Balance, December 31, 2023	290,316	-	35,317	325,633
Balance, December 31, 2024	-	-	-	-

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10. LEASES

The Company entered lease agreements for an office space and a warehouse space. The present value of future lease payments was measured using an incremental borrowing rate of 6% per annum. As at December 31, 2024, the lease liability solely pertains to the warehouse lease.

In March 2023, the Company entered into a sublease agreement to re-lease the warehouse which is leased by the Company to a third party. The sublease commenced on April 1, 2023 and expires on June 20, 2028. The Company classified this sublease as a finance lease, leading to the derecognition of the right-of-use asset with a carrying value of \$778,350. Accordingly, the Company recognized a net investment in the sublease of \$898,976, calculated as the present value of future lease payments at a 6% discount rate, corresponding to the Company's incremental borrowing rate applied to the head lease. The Company reported a gain of \$120,626 in profit or loss upon recognizing the sublease.

A summary of the Company's right-of-use asset is as follows:

	\$
Balance, December 31, 2022	829,278
Amortization	(55,728)
Derecognition	(778,350)
Currency translation effects	4,800
Balance, December 31, 2023	-
Amortization	-
Derecognition	-
Currency translation effects	-
Balance, December 31, 2024	-

A summary of the Company's lease liability is as follows:

	\$
Balance, December 31, 2022	804,836
Interest expense	30,217
Lease payments	(203,762)
Currency translation effects	(17,945)
Balance, December 31, 2023	613,346
Interest expense	30,210
Lease payments	(166,278)
Currency translation effects	50,485
Balance, December 31, 2024	527,763
Current portion	151,694
Non-current portion	376,069

A summary of the Company's future lease payments is as follows:

	\$
2025	205,138
2026	211,294
2027	217,639
2028	110,430
Total undiscounted lease liability	744,501
Effects of discounting	(216,738)
Balance, December 31, 2024	527,763

Interest expense from leases for the 12 months period ended December 31, 2024 was \$30,210 (2023 - interest expense of \$30,217).

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10. LEASES (continued)

A summary of the Company's net investment in sublease is as follows:

	\$
Balance, December 31, 2023	842,916
Additions	-
Interest income	35,586
Lease payments	(207,462)
Currency translation effects	77,904
Balance, December 31, 2024	748,944
Current portion	266,435
Non-current portion	482,509

A summary of the Company's future minimum sublease receipts is as follows:

	\$
2025	224,039
2026	230,760
2027	237,683
2028	121,509
2029	-
Total undiscounted lease receivables	813,991
Effects of discounting	(65,047)
Balance, December 31, 2024	748,944

Interest income from the sublease for the 12 months period ended December 31, 2024 was \$35,586 (2023 - \$39,903) and was recorded within revenue in profit or loss.

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11. INTANGIBLE ASSETS AND GOODWILL

a) Intangible assets

A summary of the Company's intangible assets is as follows:

	Customer relationship	Supplier relationship	Brand	Technology	Total
	\$	\$	\$	\$	\$
Cost					
Balance, December 31, 2022	1,280,367	-	122,206	5,486,433	6,889,006
Currency translation effects	(30,062)	-	2,559	(134,245)	(161,748)
Balance, December 31, 2023	1,250,305	-	124,765	5,352,188	6,727,258
Addition	-	-	-	-	-
Disposals	-	-	-	-	-
Currency translation effects	-	-	-	-	-
Balance, December 31, 2024	1,250,305	-	124,765	5,352,188	6,727,258
Accumulated amortization					
Balance, December 31, 2022	615,629	-	93,563	2,866,073	3,575,265
Amortization	265,737	-	34,103	1,805,849	2,105,689
Impairment	388,887	-	-	768,989	1,157,876
Currency translation effects	(19,948)	-	(2,901)	(88,723)	(111,572)
Balance, December 31, 2023	1,250,305	-	124,765	5,352,188	6,727,258
Amortization	-	-	-	-	-
Impairment	-	-	-	-	-
Currency translation effects	-	-	-	-	-
Balance, December 31, 2024	-	-	-	-	-
Carrying value					
Balance, December 31, 2023	-	-	-	-	-
Balance, December 31, 2024	-	-	-	-	-

During the 12 months period ended December 31, 2023, the Company identified impairment indicators and, subsequently, estimated the recoverable amount of its intangible assets, as such it has recognized an impairment loss of \$1,157,876. On June 16, 2022, the Company announced it would wind down its legacy eCommerce operations which includes vacuumcleanermarket.com, trulyfesupplements.com and infinitetpetlife.com as well as the plan to sell PET. This change resulted in an impairment of \$558,477 for intangible assets attributed to eCommerce operations during the 12 months period ended December 31, 2022.

b) Goodwill

A summary of the Company's goodwill is as follows:

	\$
Balance, December 31, 2022	6,746,378
Impairment	(6,601,484)
Currency translation effects	(144,894)
Balance, December 31, 2023 and 2024	-

On an annual basis, the Company estimates the recoverable amount of goodwill based on value-in-use method of the cash-generating units that the goodwill is attributed to. On March 9, 2023, the Company completed the sale of PET which resulted in a goodwill impairment of \$184,097. Additionally, the Company recognized goodwill impairment of 6,417,387 after the estimation of the recoverable amount. During the 12 months period ended December 31, 2023, the sale of legacy eCommerce operations resulted in a goodwill impairment of \$2,619,949.

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11. INTANGIBLE ASSETS AND GOODWILL (continued)

The key assumptions used in the calculations of the recoverable amounts include sales growth per period, changes in cost of sales and capital expenditures based on internal forecasts. Cash flows were projected out five years and a terminal value was calculated using a long-term steady growth of 3%-5%. A discount rate of 25% was used.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Accounts payables	4,320,354	2,380,792
Accrued liabilities	538,382	1,150,668
	4,858,736	3,531,460

13. FACTORING LIABILITY

In March 2023, the Company entered into a trade receivables factoring agreement ("Factoring Agreement") with a third-party factoring company. The Factoring Agreement allows the Company to receive in advance \$2,429,789 (US\$1,805,766), which is repaid with the sale of future trade receivables from a regular customer of the Company.

The trade receivables from the customer are transferred to the third-party factoring company upon invoicing to the customer of the performance obligations rendered for a determined period.

A summary of the Company's factoring liability is as follows:

	\$
Balance, December 31, 2022	-
Addition	2,429,789
Interest expense	285,433
Settlements	(2,708,436)
Currency translation effects	(6,786)
Balance, December 31, 2023 and 2024	-

During the 12 months period ended December 31, 2023, the Company made settlements of factoring liability through the transfer of \$2,708,436 (2022 - \$nil) of accounts receivable. During the 12 months period ended December 31, 2023, the Company incurred interest expense of \$285,433 (2022 - \$nil), which was included in general and administrative expense (Note 18(c)). There is no movement in factoring liability in 12 months period ended December 31, 2024.

14. SHARE CAPITAL

a) Authorized

The Company is authorized to issue unlimited number of common shares with no par value.

b) Share capital

During the 12 months period ended December 31, 2024, the Company had the following share transactions:

- From February 13, 2024 to December 23, 2024, the Company issued 28,101,397 common shares upon the exercise of warrants related to the employee pay program, with share prices between \$0.045 and \$0.180, for cash proceeds of \$2,942,643.
- On March 12, 2024, the Company issued 200,000 common shares to two officers as compensation for their employment services, resulting in the recognition of \$41,000 as share-based compensation.

14. SHARE CAPITAL (continued)

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- On September 10, 2024, the Company issued 300,000 common shares to two officers as compensation for their employment services, resulting in the recognition of \$25,500 as share-based compensation.
- On September 25, 2024, the Company closed a private placement in which the Company issued 4,750,000 units for gross proceeds of \$ 190,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.15 until September 25, 2026. Applying the residual method, fair value of \$ 308,750 was allocated to share capital and \$107,241 was allocated to reserves.

During the 12 months period ended December 31, 2023, the Company had the following share transactions:

- In January 2023, the Company closed a private placement in which the Company issued 3,614,457 units for gross proceeds of \$3,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$1.03 until January 31, 2025. Applying the residual method, fair value of \$2,783,134 was allocated to share capital and \$216,867 was allocated to reserves.
- In connection with the private placement in January 2023, the Company paid a broker transaction fee of \$354,617 in cash and granted 253,011 warrants with a fair value of \$101,787. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.83 until January 31, 2025.
- On July 25, 2023, the Company closed a private placement in which the Company issued 5,812,390 units for gross proceeds of \$2,441,203. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, fair value of \$2,266,830 was allocated to share capital and \$174,373 was allocated to reserves.
- In connection with the private placement in July 2023, the Company paid brokers transaction fees of \$308,526 in cash, granted 178,571 units and granted 467,133 warrants with a fair value of \$19,371. The warrants issued to the brokers are exercisable at \$0.52 until July 25, 2026.
- On July 25, 2023, the Company issued 250,000 units to the Chief Executive Officer (the "CEO") of the Company as remuneration for past services provided by the CEO, pursuant to a contractor agreement (Note 16). Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, fair value of \$97,500 was allocated to share capital and \$7,500 to reserves.
- On November 29, 2023, the Company closed three tranches of a private placement in which the Company issued 9,157,722 units for gross proceeds of \$1,098,927. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.17 for 36 months after the issuance date.
- In connection with the private placement on November 29, 2023, the Company paid brokers transaction fees of \$40,521 in cash and granted 337,680 warrants with a fair value of \$27,806. The warrants issued to the brokers are exercisable at \$0.12 for 36 months after the issuance date and had the fair value of \$27,806 at grant date.
- The Company issued 601,666 common shares as payment for investor relations expense of \$474,250. The fair value of the common shares was determined by reference to the fair value of the services provided.
- The Company issued 4,445,938 common shares upon the exercise of 4,445,938 warrants related to the employee pay program. Of the common shares issued, 4,688,304 shares, with share price between \$0.55 and \$0.80, were sold for cash proceeds of \$2,269,704.

c) Employee pay program

On March 05, 2024, the Company granted 6,275,062 warrants to its employees. Each warrant has an exercise price of \$0.26 and matures on March 05, 2025. As at December 31, 2024, all of these warrants have been converted into common shares, all of which occurred during the 12 months period ended December 31, 2024.

On July 17, 2024, the Company granted 9,000,000 warrants to its employees. Each warrant has an exercise price of \$0.125 and matures on July 17, 2025. As at December 31, 2024, 6,551,273 have been converted into common shares, all of which occurred during the period starting from July 17, 2024 until December 31, 2024.

On October 11, 2024, the Company granted 9,000,000 warrants to its employees. Each warrant has an exercise price of \$0.1 and matures on October 11, 2025. As at December 31, 2024, 9,000,000 have been converted into common shares, all of which occurred during the period starting from October 11, 2024 until December 31, 2024.

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14.SHARE CAPITAL (continued)

d) Warrants

A summary of the Company's warrants is as follows:

	Number of warrants #	Weighted average exercise price \$
Balance, December 31, 2022	16,687,859	1.69
Granted	26,346,026	0.47
Exercised	(4,445,938)	0.83
Expired	(1,703,856)	5.84
Balance, December 31, 2023	36,884,091	0.80
Granted	29,081,062	0.15
Exercised	(28,101,397)	0.24
Expired	(1,757,576)	1.94
Balance, December 31, 2024	36,106,180	0.65

The weighted average share price on the date of exercise for warrants exercised during the 12 months period ended December 31, 2024 was \$0.24 (2023 - \$0.83).

A summary of the Company's outstanding warrants is as follows:

Expiry date	Number #	Weighted average exercise price \$	Weighted average remaining life Years
January 25, 2025	8,780,489	1.54	1.07
January 31, 2025	3,867,468	1.02	1.09
July 25, 2026	6,708,094	0.52	2.57
November 10, 2026	5,300,360	0.17	2.86
November 24, 2026	3,815,722	0.17	2.90
November 29, 2026	379,320	0.17	2.92
July 17, 2025	2,448,727	0.13	0.54
September 25, 2026	4,806,000	0.04	1.73
	36,106,180	0.64	1.08

e) Stock options

A summary of the Company's outstanding and exercisable options is as follows:

	Number of stock options #	Weighted average exercise price \$
Balance, December 31, 2022	15,953,497	0.76
Granted	850,000	0.58
Forfeited	(221,200)	0.60
Expired	(1,006,345)	1.50
Balance, December 31, 2023	15,575,952	0.56
Granted	4,640,000	0.08
Forfeited	(3,106,000)	0.27
Cancelled	(500,000)	0.74
Expired	(346,800)	0.56
Balance outstanding, December 31, 2024	16,263,152	0.45
Balance exercisable, December 31, 2024	1,517,000	0.36

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14. SHARE CAPITAL (continued)

On January 30, 2024, the Company granted 40,000 stock options to an officer. These stock options vest in five equal tranches every six months from the grant date. Each stock option has an exercise price of \$0.23 and matures on January 30, 2027. The fair value of these stock options was \$4,896.

On July 15, 2024, the Company granted 3,600,000 stock options to key employees. These stock options vest in five equal tranches every six months from the grant date. Each stock option has an exercise price of \$0.07 and matures on July 15, 2026. The fair value of these stock options was \$162,610.

On August 16, 2024, the Company granted 1,000,000 stock options to key employees. These stock options vested in twelve months from the grant date. Each stock option has an exercise price of \$0.1225 and matures on August 16, 2025. The fair value of these stock options was \$53,200.

A summary of the Company's outstanding options is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
June 20, 2025	737,000	737,000	0.55	0.47
August 16, 2025	1,000,000	-	-	0.62
November 1, 2025	50,000	40,000	1.23	0.84
March 31, 2026	30,000	26,000	0.24	1.25
July 15, 2026	2,330,000	586,000	0.03	1.54
September 28, 2026	120,000	120,000	-	1.74
January 30, 2027	40,000	8,000	0.23	2.08
June 20, 2027	11,956,152	-	0.55	2.47
	16,263,152	1,517,000	0.44	2.12

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for stock options granted during the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
Share price	0.09	\$0.58
Exercise price	0.08	\$0.58
Risk-free interest rate	3.73%	4.16%
Expected life	2 Years	3 years
Expected volatility	112%	102%
Expected annual dividend yield	0%	0%

Included in the share-based compensation expense is the amount from stock options granted to the non-controlling interest of ARway and Toggle as part of their option plans. During the 12 months period ended December 31, 2024, \$226,506 (2023 - \$1,775,695) was recognized as share-based compensation from vested options.

A summary of the Company's share-based compensation expense by function for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Cost of sales	238,836	12,574
Sales and marketing	(31,270)	343,923
General and administrative	169,146	1,001,896
Research and development	(150,206)	417,302
	226,506	1,775,695

15. NON-CONTROLLING INTEREST

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A summary of the Company's non-controlling interest is as follows:

	ARway	Toggle	Total
	\$	\$	\$
Balance, December 31, 2022	2,174,048	-	2,174,048
Shares issued for employee pay program	(121,890)	(108,629)	(230,519)
Distribution to shareholders	-	1,750,000	1,750,000
Share-based compensation	652,471	252,185	904,656
Other net changes in capitalization	239,068	1,270,792	1,509,860
Net loss attributed to non-controlling interest	(1,654,245)	(497,750)	(2,151,995)
Balance, December 31, 2023	1,289,452	2,666,598	3,956,050
Share-based compensation	54,163	158,351	212,514
Other net changes in capitalization	417,610	126,872	544,482
Net loss attributed to non-controlling interest	(1,230,441)	(564,916)	(1,795,357)
Balance, December 31, 2024	530,784	2,386,905	2,917,689

16. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with key management personnel that have the authority and responsibility for the planning, directing and controlling of the activities of the Company. The Company considers the executive officers and directors as the key management of the Company.

A summary of the transactions with key management personnel for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Compliance fees included in general and administrative	34,417	37,152
Management fees included in general and administrative	615,584	1,063,197
Salaries of the Chief Financial Officer included in general and administrative	161,667	213,000
Share-based compensation	93,823	1,905,337
	905,491	3,218,686

The Company has an agreement with the Chief Executive Officer ("CEO") in which the Company compensates the CEO for management services monthly, combining cash and share issuance over a five-year term until April 1, 2027. As at December 31, 2024, accounts payable and accrued liabilities included \$1,409,156 owed to the CEO (December 31, 2023 - \$939,532). The amounts are non-secured, non-interest bearing, payable on demand and represent the value of shares to be issued to the CEO.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

a) Revenue disaggregation

A summary of the Company's revenue disaggregation by service for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
MapD	1,114,839	1,035,680
Threedy	1,973,726	3,613,378
Arway	56,057	65,180
Toggle	725	1,114
Other revenue	38,469	317,371
	3,183,816	5,033,202

Included in other revenue	2024	2023
	\$	\$
Management fee revenue	-	-

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Interest income from GIC	1,307	317,850
Interest income from finance lease	35,586	-
Others	1,576	-
	38,469	317,850

For the 12 months period ended December 31, 2024, other revenue is comprised of interest income of \$1,307 earned from the GICs (2023 - \$53,282) and interest income of \$35,586 earned from the sublease (2023 - \$39,903).

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17. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

For the 12 months period ended December 31, 2024, the renewable software licenses revenue stream has one customer who contributed 51.79% (2023 - 29.53%) of total revenue.

b) Deferred revenue

A summary of the Company's deferred revenue is as follows:

	\$
Balance, December 31, 2022	437,746
Revenue recognized	(1,195,058)
Revenue deferred	1,108,588
Currency translation effects	(9,084)
Balance, December 31, 2023	342,192
Revenue recognized	(2,183,050)
Revenue deferred	2,288,578
Currency translation effects	14,655
Balance, December 31, 2024	462,375

c) Contract asset

A summary of the Company's contract asset is as follows:

	\$
Balance, December 31, 2022	589,015
Contract asset billed	(534,778)
Additions related to technology services	(2,917)
Balance, December 31, 2023	51,320
Contract asset billed	(51,521)
Currency translation effects	201
Balance, December 31, 2024	-

18. EXPENSES BY NATURE

The Company presents operating expenses by function with the exception of amortization, depreciation, and share-based compensation. A summary of the Company's operating expenses by nature is as follows:

a) Cost of sales

A summary of the Company's cost of sales for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Consulting fees	735,458	836,484
Employee benefits	-	4,044
Cost of services	20,078	
Salaries, wages, and commissions	422,876	2,745,634
	1,178,412	3,586,162

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18. EXPENSES BY NATURE (continued)

b) Sales and marketing

A summary of the Company's sales and marketing expense for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Advertising	117,565	524,845
Consulting fees	292,626	278,821
Employee benefits	35,467	64,840
Investor relations	628,966	1,510,479
Salaries, wages, and commissions	509,056	1,999,027
Software and other expenses	186,288	168,490
	1,769,968	4,546,502

c) General and administrative

A summary of the Company's general and administrative expense for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Compliance fees	373,086	420,847
Computer, software and maintenance	611,516	857,798
Consultant fees	221,548	304,704
Employee benefits	175,043	776,736
Interest expense	68,954	315,650
Management fees	617,047	1,063,197
Professional fees	742,696	1,862,676
Salaries and wages	1,482,094	2,610,183
Shipping and warehouse costs	453	-
Office, general and other expenses	730,311	1,150,819
	5,022,748	9,362,610

d) Research and development

A summary of the Company's research and development expense for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Consulting fees	494,458	966,756
Employee benefits	19,457	66,583
Salaries and wages	566,599	1,481,662
Platform, maintenance and other expenses	458,763	734,798
	1,539,277	3,249,799

19. SEGMENT INFORMATION

The Chief Operating Decision Maker ("CODM") of the Company has been identified as the Chief Financial Officer, who makes strategic decisions and allocates resources based on the information available by operating segment. The CODM determines the reportable segments of the Company based on the availability of discrete financial results and the nature of operations relating to each operating segment. The CODM identified three reportable segments being 1) the eCommerce platforms, 2) the technology services provided for eCommerce, virtual events, higher education and advertising, and 3) general corporate activities.

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19. SEGMENT INFORMATION (continued)

During the 12 months period ended December 31, 2022, the Company decided to discontinue the eCommerce platforms, resulting in this segment being reported as discontinued operations (Note 7). As at December 31, 2024, the Company's sole continuing operation that generates revenue is technology services.

20. SUPPLEMENTAL CASH FLOW DISCLOSURES

A summary of the Company's supplemental cash flow disclosures for the 12 months period ended December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Non-cash share issuance costs	-	218,607
Distribution of equity interest to non-controlling interest	-	1,750,000
Proceeds from securities issued to non-controlling interest:		
Proceeds from share issuance for the spin out of ARway	-	-
Proceeds from employee pay program in ARway	499,129	262,352
Proceeds from exercise of ARway's warrants	-	223,785
Proceeds from share issuance for the spin out of Toggle	-	2,229,579
Proceeds from employee pay program in Toggle	384,317	97,391
	883,446	2,813,107

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, the Company's financial assets and liabilities include cash and cash equivalents, receivables, deferred consideration, accounts payable and accrued liabilities, and factoring liability. These instruments were classified as amortized cost.

The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values because of their short-term nature.

The Company is exposed to certain financial risks through its financial instruments. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents, trade receivables, deferred consideration and contract asset. The Company mitigates credit risk related to cash by placing cash with sound financial institutions. For sales contracts and trade receivables, the Company trades with recognized creditworthy third parties and regularly reviews the collectability of its accounts receivable. The deferred consideration is subject to credit risk, reliant on PET's future profitability and the purchaser's financial stability, with potential impacts on the timing and amount of cash flows received. The Company assesses this risk by monitoring the financial performance of PET and evaluating the purchaser's ability to meet its payment obligations.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financing. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year and lease liabilities that have a fixed schedule of payment.

As at December 31, 2024, the Company had cash and cash equivalents of \$75,620 (December 31, 2023 - \$907,847) and working capital deficit of \$4,687,633 (December 31, 2023 - working capital of \$2,206,405).

c) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of the Company's expenses are incurred in USD. A significant change in the currency exchange rates between the Canadian dollar relative to the USD could affect the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2024, the Company is exposed to currency risk through cash and cash equivalents, receivables, deferred consideration and accounts payable denominated in USD. A 10% change in exchange rate could increase or decrease the Company's net loss by \$102,391.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Management believes that interest rate risk is low as there is no financial asset or liability that has a variable interest rate, and the majority of the Company's investments are made in highly liquid instruments.

22. CAPITAL MANAGEMENT

The Company's definition of capital includes equity, comprising share capital, reserves, accumulated other comprehensive income, deficit and non-controlling interest. 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. As at December 31, 2024, the Company had shareholders' deficiency of \$4,581,193 (December 31, 2023 - shareholders' equity of \$1,500,563).

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business. The Company obtains funding primarily through equity issuance. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the 12 months period ended December 31, 2024.

As at December 31, 2024, the Company was not subject to any externally imposed capital requirements.

23 CONTINGENT LIABILITY

As of 31 December, 2024 the company is engaged in ongoing negotiations related to a potential settlement with a client. The client has initially requested \$70,000 in compensation. However, company has made a counteroffer of \$10,000. It is currently estimated that the final settlement amount will likely fall near \$40,000, though the exact outcome remains uncertain at this time. This liability is contingent upon the resolution of these negotiations, and the final settlement may be higher or lower than the anticipated \$40,000.

On February 14, 2025, the company entered into an agreement that stipulates a payment of USD 200,000.

24. SUBSEQUENT EVENTS

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From January 15, 2025 to February 21, 2025, the Company has issued 2,723,784 common shares upon the exercise of warrants related to the employee pay program.

On February 07, 2025, the Company issued 21,046,338 common shares as payment for services of \$1,368,012. The fair value of the common shares was determined by reference to the fair value of the services provided.

On January 10, 2025, the Company grants 825,000 share options to the Management and Board Members.