MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023
(IN UNITED STATES DOLLARS UNLESS OTHERWISE STATED)

Two Hands Corporation (the "Company") was incorporated in the state of Delaware on April 3, 2009 and on July 26, 2016, changed its name from Innovative Product Opportunities Inc. to Two Hands Corporation.

The Two Hands co-parenting application launched on July 2018 and the Two Hands Gone application launched In February 2019. The Company ceased work on these applications in 2021.

The gocart.city online consumer grocery delivery application was released in early June 2020 and Cuore Food Services commenced sale of dry goods and produce to other businesses in July 2020.

In July 2021, the Company made the strategic decision to focus exclusively on the grocery market through three on-demand branches of its grocery businesses: gocart.city, Grocery Originals, and Cuore Food Services. All three of such branches of the Company's business share industry standard warehouse storage space and inventory. The Company's inventory is updated continuously and generally consists of produce, meats, pantry items, bakery & pastry goods, gluten-free goods, and organic items, acquired from various different suppliers in Canada and internationally, with whom the Company and its principals have cultivated long-term relationships.

On May 1, 2023, the Company sold its gocarty.city and Grocery Originals branches.

Cuore Food Services
Cuore Food Services is the Company's wholesale food distribution branch. Cuore Food Services uses inventory from the Company's warehouse as well as inventory it acquires on an ad hoc basis, and focuses on bulk delivery of goods to food service business such as restaurants, hotels, event planning/hosting businesses. Orders distributed through Cuore Food Services can be made over the phone or online through a different front-end of the gocart.city platform.

The Company continued Cuore Food Services after May 1, 2023.

gocart.city
gocart.city is the Company's online delivery marketplace, allowing consumers to shop online and have their groceries delivered. The gocart.city online platform stores all inventory in the Company's warehouse located at its head office in Mississauga. The aim of gocart.city is to deliver fresh and high-quality food products directly to retail consumers throughout Southern Ontario. The Company recently engaged local renowned chef, Grace DiFede, to curate a new line of meal kits and bundles to sell on the gocart.city platform alongside the Company's other grocery essentials.

The gocart.city platform is available online and through applications for handheld devices supporting iOS or Android. The features and functions of gocart.city include customers having the ability to search for products by category and name, customers saving items in their cart and being able to share their cart with others, and being able to opt-in to digital weekly alerts that provide information on promotions and discounts on certain products. gocart.city also includes standard payment options for customers, such as PayPal, American Express and Visa.

The Company also employs a social media manager to oversee and increase engagement with customers by using platforms such as Facebook, Twitter, Instagram and Google. The ads that are posted on these platforms are generic branding related to the Company, as well as the promotion of particular sale items. Moreover, the Company has agreements with SRAX, Inc. and Adfuel Media Inc. to boost such engagement.

The Company sold the gocarty.city branch on May 1, 2023.

Grocery Originals
Grocery Originals is the Company's brick-and-mortar grocery store located in Mississauga Ontario at the site of the Company's warehouse. Grocery Originals was originally intended for curbside pickup but has expanded into a full service store, that includes a deli, cold storage, a stone pizza oven, and offering a wide variety of fresh and specialty meals curated by Grace Di Fede.

The Company sold the Grocery Originals branch on May 1, 2023.

The operations of the business are carried on by Two Hands Canada Corporation, a wholly-owned subsidiary of the Company, incorporated under the laws of Canada on February 7, 2014.

Management's Plan of Operation

The Company is focused exclusively on the grocery market through its on-demand grocery business: Cuore Food Services.

Products and Services

The Company plans to continue expanding its reach to additional customers and geographies across Canada while enhancing its product line with a focus on Italian staples, including pasta, oils, olives, and canned tomatoes.

Operations and Logistics

The company plans to expand storage and warehousing, expand warehouse staff, add more delivery trucks and expand the delivery area.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the Financial Statements and accompanying notes. Estimates are used for, but not limited to, the accounting for the allowance for doubtful accounts, inventories, impairment of long-term assets, stock-based compensation, derivatives, income taxes and loss contingencies. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies, among others, may be impacted significantly by judgment, assumptions and estimates used in the preparation of the Financial Statements:

STOCK-BASED COMPENSATION

The Company accounts for stock incentive awards issued to employees and non-employees in accordance with FASB ASC 718, Stock Compensation. Accordingly, stock-based compensation is measured at the grant date, based on the fair value of the award. Stock-based awards to employees are recognized as an expense over the requisite service period, or upon the occurrence of certain vesting events. Additionally, stock-based awards to non-employees are expensed over the period in which the related services are rendered.

REVENUE RECOGNITION

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which we expect to be entitled to receive in exchange for these goods or services. The provisions of ASC 606 include a five-step process by which we determine revenue recognition, depicting the transfer of goods or services to customers in amounts reflecting the payment to which we expect to be entitled in exchange for those goods or services. ASC 606 requires us to apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, we satisfy the performance obligation. We recognize revenue for the sale of our products upon delivery to a customer.

ADOPTED ACCOUNTING STANDARDS

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which was further amended by additional accounting standards updates issued by the FASB. The new standard replaced the incurred loss impairment methodology for recognizing credit losses with a new methodology that requires recognition of lifetime expected credit losses when a financial asset is originated or purchased, even if the risk of loss is remote. The new methodology (referred to as the current expected credit losses model, or "CECL") applies to most financial assets measured at amortized cost, including trade receivables, and requires consideration of a broader range of reasonable and supportable information to estimate expected credit losses. The Company adopted the new standard effective January 1, 2023 using a modified retrospective transition approach, with the cumulative impact of $0.

RECENT ACCOUNTING PRONOUNCEMENTS

In August 2020, the FASB issued ASU 2020-06, Debt—*Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40).* This update amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related EPS guidance for both Subtopics. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2023, which means it will be effective for our fiscal year beginning January 1, 2014. Early adoption is permitted but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. We are currently evaluating the impact of ASU 2020-06 on our consolidated financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

COMPARISON OF RESULTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Sales, Cost of goods sold, Gross profit:

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
Sales	783,489	731,302	52,187	7
Cost of goods sold	721,377	682,109	39,268	6
Gross profit	62,112	49,193	12,919	26
Gross profit %	7.9%	6.7%		

Breakdown of sales by branch:

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
gocart.city – online delivery	28,673	142,571	(113,898)	(80)
Grocery Originals and Cuore Food Service – retail and wholesale distribution	754,816	588,731	166,085	28
Total sales	783,489	731,302	52,187	7

The gocart.city grocery delivery application was released in early June 2020 and gocart.city wholesale commenced sale of dry goods and produce to other businesses in July 2020. Our revenue from gocart.city – online delivery was primarily due to the recognition of revenue from expired grocery vouchers. gocart.city – online delivery was sold on May 1, 2023.

The gross margin percentage increased from 2022 to 2023. This was due to revenue from expired grocery vouchers and improved management of our purchases and inventory.

Operating expenses:

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
Salaries and benefits	712,588	13,760,381	(13,047,793)	(95)
Occupancy expense	50,691	92,276	(41,585)	(45)
Advertising and travel	80,926	85,097	(4,171)	(5)
Auto expenses	25,268	45,077	(19,809)	(44)
Consulting	292,791	3,321,657	(3,028,866)	(91)
Depreciation and Amortization	12,662	5,307	7,355	139
Bad debt	(24,868)	112,822	(137,690)	(122)
Office and general expenses	68,240	140,515	(72,275)	(51)
Professional fees	113,392	222,498	(109,106)	(49)
Freight and delivery	9,609	59,697	(50,088)	(84)
Total operating expenses	1,341,299	17,845,327	(16,504,028)	(92)

Our total operating expenses for the years ended December 31, 2023 was $1,341,299, compared to $17,845,327, for the years ended December 31, 2022, respectively. The decrease in total operating expense is primarily due to an decrease in expenditure for prepaid advertising credits with SRAX Inc. and a decrease in stock-based compensation paid to officers, directors and consultants.

Salaries and benefits for the years ended December 31, 2023, comprise primarily of accrued but unpaid salary due to Nadav Elituv, our Chief Executive Officer, of $600,000.

Salaries and benefits for the years ended December 31, 2022, comprise primarily of stock issued to Nadav Elituv, our Chief Executive Officer with a fair value of $13,504,200.

Advertising and travel includes expenses for online advertising, website, meals and entertainment.

For the years ended December 31, 2023, consulting comprises primarily stock-based compensation expense (i) $0 for the expenditure of advertising credits with SRAX, Inc. (ii) $204,433 for consulting fees and (iii) $88,358 paid to contractors to manage our grocery business.

For the year ended December 31, 2022, consulting comprises primarily stock-based compensation expense (i) $454,108 for the expenditure of advertising credits with SRAX, Inc. (ii) $2,398,569 for the write-off of advertising credits with SRAX, Inc. (iii) $152,466 for consulting fees and (iv) $316,514 paid to contractors to manage our grocery business. On June 30, 2022, the Company agree to issue 80,000 shares of Series C Convertible Preferred Stock with a fair value of $2,288,000 ($28.60 per share) for a one-year subscription with SRAX, Inc. to an online marketing platform to support the gocart.city grocery delivery application. During the three months ending September 30, 2022, SRAX Inc. had apparent operational issues which prevented the Company from using its prepaid advertising credits. These prepaid advertising credits had a carrying value of $2,436,811 at September 30, 2022. During the three months ended December 31, 2022, the Company received advertising services valued at $38,242 from SRAX, Inc. Given the apparent operational issues at SRAX, Inc., the Company believes at December 31, 2022, it is not probable that future material services will be received from SRAX, Inc. Therefore, the remaining prepaid advertising balance was expensed in 2022.

Professional fees comprise of audit, legal, filing fees and contract accountant. The decrease in professional fees is primarily due to legal fees related to the prospectus dated April 21, 2022 filed with Ontario Securities Commission and British Columbia Securities Commission and our listing application with the Canadian Securities Exchange.

Other income (expense):

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
Amortization of debt discount and interest expense	(159,335)	(131,828)	(27,507)	21
Loss on settlement of non-redeemable convertible notes	(6,775,835)	(3,668,750)	(3,107,085)	85
Gain on disposition	50,695	—	50,695	—
Initial derivative expense	—	(36,521)	36,521	(100)
Changes in fair value of derivative liabilities	—	(59,878)	59,878	(100)
Total operating expenses	(6,884,475)	(3,896,977)	2,987,498	(77)

Amortization of debt discount and interest expense for the years ended December 31, 2023 was $159,335, compared to $131,828 for the years ended December 31, 2022. Amortization of debt discount and interest expense relates to the issuance of non-redeemable convertible notes and promissory notes.

During the years ended December 31, 2023 and 2022, the Company elected to convert $118,647 and $103,140 of principal and interest of a non-redeemable convertible note into 16,920,700 and 27,410 shares of common stock of the Company resulting in a loss on settlement of debt of $6,775,835 and $3,668,750, respectively.

During the years ended December 31, 2023 the Company received net proceeds from the sale of gocart.city assets of $64,250 (CAD $86,742). The net proceeds comprise of the settlement $127,594 (CAD $172,261) of accounts payable and $63,344 (CAD $85,519) of account receivable with the Purchaser resulting in a gain of $50,695 (CAD $68,442).

Initial derivative expense of $36,521 for the year ended December 31, 2022 represents the difference between the fair value of the total embedded derivative liability of $186,521 and the cash received of $150,000 for the Series E Stock issued on October 6, 2022.

During the year ended December 31, 2023 and 2022, the gain (loss) due to the change in fair value of derivative liabilities was $0 and ($59,878), respectively.

Net loss for the period:

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
Net loss for the period	(8,163,662)	(21,693,111)	13,529,449	(62)

Our net loss for the years ended December 31, 2023 was $8,163,662, compared to $21,693,111 for the years ended December 31, 2022, respectively. Our losses during the years ended December 31, 2023 and 2022 are primarily due to costs associated with professional fees, compensation due to our CEO, interest expense and loss on settlement of non-redeemable convertible notes.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected quarterly information that has been derived from the financial statements of the Company. This summary should be read in conjunction with the consolidated financial statements of the Company.

Quarter Ended	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Sales	$198,266	$212,453	$197,324	$175,446	$168,790	$172,782	$190,691	$199,039
Gross profit	$(20,815)	$55,262	$12,216	$15,449	$21,299	$13,659	$(6,278)	$20,514
Operating expenses	($391,043)	($307,223)	($277,327)	($365,706)	($2,759,699)	($304,452)	($14,021,263)	($759,913)
Other income (expense)	($6,151,405)	($313,869)	($263,974)	($155,227)	($194,174)	($768,587)	($2,320,020)	($614,198)
Net loss for the period	($6,563,263)	($565,830)	($529,085)	($505,484)	($2,932,573)	($1,059,380)	($16,347,561)	($1,353,597)
Basic net income (loss) per share	($0.17)	$1.33	($0.00)	($0.00)	($20.00)	($10.00)	($180.00)	($200.00)
Diluted net loss per share	($0.17)	($0.01)	($0.00)	($0.00)	($20.00)	($10.00)	($180.00)	($200.00)

LIQUIDITY AND CAPITAL RESOURCES

For the years ended December 31, 2023

Cash flows used in operating activities

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
Net cash used in operating activities	(451,932)	(840,745)	388,813	(46)

Our net cash used in operating activities for the years ended December 31, 2023 and 2022 is $451,932 and $840,745, respectively. Our net loss for the years ended December 31, 2023 of $8,163,662 was the main contributing factor for our negative cash flow. We were able to mostly offset the cash used in operating activities by using our stock to pay for expenses such as, amortization of debt discount of $159,335 and loss on debt settlement of $6,775,835.

Cash flows used in investing activities

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
Net cash used in investing activities	—	(10,749)	10,749	(100)

Cash flows from financing activities

	Year ended December 31,		Change	
	2023	2022		
	$	$	$	%
Net cash from financing activities	458,630	350,194	108,436	31

Our net cash provided by financing activities for the years ended December 31, 2023 and 2022 is $458,630 and $350,194, respectively.

During the year ended December 31, 2023, the Company received $286,529 (CAD $386,836) in cash from its line of credit with The Cellular Connection Ltd. dated April 14, 2022, net cash advances from related party of $74,137 and net proceeds from notes payable of $97,964. The cash advances are non-interest bearing, unsecured and have no specific terms of repayment.

As of December 31, 2023, we had cash of $24,351, working capital (deficiency) of $(1,989,138) and total liabilities of $2,915,781.

Our working capital as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Current assets	$ 169,481	$ 193,097
Current liabilities	2,158,619	784,473
Working capital (Deficiency)	$ (1,989,138)	$ (591,376)

The Company is continuing to focus improving cash flows from operations by reducing incentives to customers, by making purchases from different suppliers, accelerating the collection of accounts receivable, reducing expenses, managing accounts payable balances and by paying our officers, directors, consultants and staff with our stock.

The Company's financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. During the years ended December 31, 2023, the Company incurred a net loss of $8,163,662 and used cash in operating activities of $451,932, and on December 31, 2023, had stockholders' deficit of $2,797,344 and an accumulated deficit of $92,086,178. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern within one year of the date that the financial statements are issued. The Company's independent registered public accounting firm, in their report on the Company's financial statements for the years ended December 31, 2023, contains an explanatory paragraph regarding the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments that might result from the outcome of this uncertainty should we be unable to continue as a going concern.

Over the next 12 months we expect to spend approximately $368,000 in cash for operations, legal, accounting and related services and to implement our business plan. We hope to be able to compensate our independent contractors with stock-based compensation, which will not require us to use our cash, although there can be no assurances that we will be successful in these efforts.

	Cash Required to Implement of Business Plan
General and Administration	$ 268,000
Operations	100,000
Total Estimated Cash Expenditures	$ 368,000

On April 14, 2022, the Company entered into a binding Line of Credit with The Cellular Connection Ltd. Pursuant to the Line of Credit, the Company can borrow from the Lender up to CAD $0 (CAD $750,000 available on the Line of Credit less CAD $780,366 of funds drawn and outstanding on December 31, 2023) in principal. The Lender has provided verbal assurances that the Company may continue to borrow additional funds at the same terms as the Line of Credit. From January 1, 2023 to March 22, 2024, the Company received cash advances of $88,834 (CAD$117,832) from the Lender. These is no guarantee that the Lender will continue to advance cash to the Company. If required, we expect to be able to secure additional capital through advances from our Chief Executive Officer, note holders, shareholders and others in order to pay expenses such as organizational costs, filing fees, accounting fees and legal fees, however, we do not have any written or oral agreements with any other third parties which require them to fund our operations. Although there can be no assurances that we will be able to obtain such funds in the future, the Company has been able to secure financing to continue operations since its inception on April 3, 2009. We are currently quoted on OTC Pink.. If we need additional capital in the next twelve months and if we cannot raise such capital on acceptable terms, we may have to curtail our operations or terminate our business entirely.

The inability to obtain financing or generate sufficient cash from operations could require us to reduce or eliminate expenditures for developing products and services, or otherwise curtail or discontinue our operations, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, to the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities may result in dilution to existing stockholders. If we raise additional funds through the issuance of debt securities, these securities may have rights, preferences and privileges senior to holders of our common stock and the terms of such debt could impose restrictions on our operations. Regardless of whether our cash assets prove to be inadequate to meet our operational needs, we may seek to compensate providers of services by issuing stock in lieu of cash, which may also result in dilution to existing stockholders.

Our common stock started trading over the counter and has been quoted on the Over-The Counter Bulletin Board since February 17, 2011. The stock currently trades under the symbol "TWOH.OB."

Commitments for future capital expenditures at December 31, 2023 is as follows:

	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 – 5 years	After 5 years
Contractual obligations	$	$	$	$	$
Accounts payable and accrued liabilities	523,486	523,486	—	—	—
Debt	1,874,236	1,626,374	247,862	—	—
Deferred revenue	—	—	—	—	—
Non-redeemable convertible notes	502,500	—	502,500	—	—
Financial lease Obligations	—	—	—	—	—
Operating leases[(1)]	15,559	8,759	6,800	—	—
Purchase obligations	—	—	—	—	—
Total contractual obligations	2,915,781	2,158,619	757,162	—	—

Notes:

(1) Leases for retail space, equipment and warehousing is currently month to month. Deliveries are currently outsourced.

OPERATING CAPITAL AND CAPITAL EXPENDITURE REQUIREMENTS

We are currently funding our operations by way of cash advances from our Chief Executive Officer, note holders, shareholders and others. We hope to be able to compensate our independent contractors with stock-based compensation, which will not require us to use our cash, although there can be no assurances that we will be successful in these efforts. On April 14, 2022, the Company entered into a binding Line of Credit with The Cellular Connection Ltd. Pursuant to the Line of Credit, the Company can borrow from the Lender up to up to CAD $0 (CAD $750,000 available on the Line of Credit less CAD $780,366 of funds drawn and outstanding on December 31, 2023) in principal. The Lender has provided verbal assurances that the Company may continue to borrow additional funds at the same terms as the Line of Credit. From January 1, 2023 to March 28, 2024, the Company received cash advances of $88,834 (CAD$117,832) from the Lender. These is no guarantee that the Lender will continue to advance cash to the Company. If required, we expect to be able to secure additional capital through advances from our Chief Executive Officer, note holders, shareholders and others in order to pay expenses such as organizational costs, filing fees, accounting fees and legal fees, however, we do not have any written or oral agreements with any other third parties which require them to fund our operations. The loans from our Chief Executive Officer, note holders, shareholders and others are unsecured and non-interest bearing and have no set terms of repayment. Our common stock started trading over the counter and has been quoted on the Over-The Counter Bulletin Board since February 17, 2011. The stock currently trades under the symbol "TWOH.OB."

RELATED PARTY TRANSACTIONS

Years ended December 31, 2023 and 2022

Due to Related Party

As of December 31, 2023 and 2022, advances and accrued salary of $883,534 and $185,473, respectively, were due to Nadav Elituv, the Company's Chief Executive Officer. The balance is non-interest bearing, unsecured and have no specified terms of repayment.

During the year ended December 31, 2023, the Company issued advances due to related party for $108,383 for expenses paid on behalf of the Company and advances due to related party were repaid by the Company with $34,246 in cash. In addition, the Company accrued salary of $808,076 due to Nadav Elituv for the year ended December 31, 2023. On February 2, 2023, the Company issued common stock to settle due to related party with a carrying value of $188,871 (Note 11).

During the year ended December 31, 2022, the Company issued advances due to related party for $167,438 of expenses paid on behalf of the Company and advances due to related party were repaid by the Company with $127,616 in cash. In addition, the Company accrued salary of $195,551 due to Nadav Elituv for the year ended December 31, 2022 and issued a promissory note for $85,285 to settle due to related party.

During the years ended December 31, 2023 and 2022, the Company paid Linus Creative Services, a business controlled by Bradley Southam, a director of the Company, $2,714 and $26,307, respectively, for advertising services.

Promissory Notes – Related Party

As of December 31, 2023 and 2022, promissory note – related party of $0 and $84,377 (principal $78,490 and interest of $5,887), respectively, were outstanding. The promissory notes – related party bear interest of 10% per annum, are unsecured, mature on December 31, 2025 and are due to 2130555 Ontario Limited, a Company controlled by Nadav Elituv, the Company's Chief Executive Officer. On February 2, 2023, the Company issued common stock to settle promissory note – related party and interest with a carrying value of $85,922 (Note 11).

Our policy with regard to transactions with related persons or entities is that such transactions must be on terms no less favorable than could be obtained from non-related persons.

The above related party transactions are not necessarily indicative of the amounts that would have been incurred had a comparable transaction been entered into with an independent party. The terms of these transactions were more favorable than would have been attained if the transactions were negotiated at arm's length.

PROPOSED TRANSACTIONS

The Company is not anticipating any transactions.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Refer to Note 2 in the consolidated financial statements for the year ended December 31, 2023 for information on accounting policies.

FINANCIAL INSTRUMENTS

The main risks of the Company's financial instrument are exposed to are credit risk, market risk, foreign exchange risk, and liquidity risk.

Credit risk

The Company's credit risk is primarily attributable to trade receivables. Trade receivables comprise amounts due from other businesses from the sale of groceries and dry goods. The Company mitigates credit risk through approvals, limits and monitoring. The amounts disclosed in the consolidated balance sheet are net of allowances for expected credit losses, estimated by the Company's management based on past experience and specific circumstances of the customer. The Company manages credit risk for cash by placing deposits at major Canadian financial institutions.

Market risk

Market risk is the risk that changes in market prices and interest rates will affect the Company's net earnings or the value of financial instruments. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits, while maximizing returns. The Company's market risk consists of risks from changes in foreign exchange rates, interest rates and market prices that affect its financial liabilities, financial assets and future transactions.

Refer to Note 2 in the consolidated financial statements for the year ended December 31, 2023 and Note 2 in the consolidated financial statements for the year ended December 31, 2023 for information on market risk.

Foreign Exchange risk

Our revenue is derived from operations in Canada. Our consolidated financial statements are presented in U.S. dollars and our liabilities other than trade payables are primarily due in U.S. dollars. The revenue we earn in Canadian dollars is adversely impacted by the increase in the value of the U.S. dollar relative to the Canadian dollar.

Liquidity risk

Liquidity risk relates to the risk the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on our consolidated balance sheets consist of accounts payable and accrued liabilities, due to related party, notes payable, convertible notes, net, derivative liabilities, promissory notes, promissory notes – related party and non-redeemable convertible notes, Management monitors cash flow requirements and future cash flow forecasts to ensure it has access to funds through its existing cash and from operations to meet operational and financial obligations. The Company believes it has sufficient liquidity to meet its cash requirements for the next twelve months.

OUTSTANDING SHARE DATA

As of March 28, 2024, the following securities were outstanding:

Common stock: 108,740,329 shares
Series C Convertible Preferred Stock: 80,000

OFF-BALANCE SHEET TRANSACTIONS

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.