



ANONYMOUS INTELLIGENCE COMPANY INC.

Consolidated Financial Statements

Three months ended December 31, 2023 and 2022
(In Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Anonymous Intelligence Company Inc.

Consolidated Statements of Financial Position

As at December 31, 2023 and September 30, 2023

(In Canadian dollars)

| | Notes | December 31, 2023 | September 30, 2023 |
|--|--------|-------------------|--------------------|
| | | \$ | \$ |
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | 56,540 | 133,735 |
| GST recoverable | | 26,540 | 27,189 |
| Prepays and other assets | | 24,912 | 40,354 |
| | | 107,992 | 201,278 |
| Intangible assets | 3 | 3,437,212 | 3,542,591 |
| Total assets | | 3,545,204 | 3,743,869 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | (4)(b) | 324,640 | 231,224 |
| Loans and borrowings | 4(b) | 112,000 | 100,000 |
| | | 436,640 | 331,224 |
| Contingent consideration payable | 3(a) | 1,200,905 | 968,065 |
| Total liabilities | | 1,637,545 | 1,299,289 |
| Shareholders' equity | | | |
| Share capital | 5 | 20,352,947 | 20,264,173 |
| Reserves | 6,7,8 | 1,000,416 | 1,537,286 |
| Deficit | | (19,445,704) | (19,356,879) |
| Total equity | | 1,907,659 | 2,444,580 |
| Total liabilities and equity | | 3,545,204 | 3,743,869 |
| Nature of operations and going concern | 1 | | |
| Subsequent events | 11 | | |

Approved on behalf of the Board of Directors:

(Signed) "John Bean"

Director

(Signed) "Allan Larmour"

Director

Anonymous Intelligence Company Inc.

Consolidated Statements of Comprehensive Loss

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

| | Notes | 2023 | 2022 |
|--|-------|-------------|------------|
| | | \$ | \$ |
| Expenses | | | |
| Amortization | 3 | 138,355 | 147,106 |
| Insurance | | 20,193 | 20,164 |
| Investor and public relations | | 66,903 | 40,401 |
| Office and administration | | 15,891 | 21,561 |
| Professional fees | | 16,979 | 31,004 |
| Regulatory and transfer agent fees | | 9,532 | 9,831 |
| Research and development | | 26,100 | - |
| Salaries and benefits | 4(a) | 91,674 | 92,575 |
| Share-based compensation | 7,8 | 13,529 | 66,514 |
| Loss before other items | | (399,156) | (429,156) |
| Other items | | | |
| Finance costs | | (411) | (1,942) |
| Foreign exchange loss | | (43) | (1,712) |
| Government grant | | - | 20,000 |
| Unrealized loss on derivative | | - | (16,000) |
| Unrealized loss on changes in fair value of contingent consideration | 3(a) | (232,840) | - |
| | | (233,294) | 346 |
| Net loss | | (632,450) | (428,810) |
| Other comprehensive income | | | |
| Unrealized gain on investment | | - | (10,000) |
| Comprehensive loss | | (632,450) | (438,810) |
| Net loss per share - basic and diluted | | (0.01) | (0.01) |
| Weighted average number of shares outstanding | | 109,343,726 | 67,593,275 |

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

Anonymous Intelligence Company Inc.

Consolidated Statements of Changes in Shareholders' Equity

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

| | Notes | Share capital | | Reserves | | | | | | Total |
|-----------------------------------|-------|--------------------|-------------------|---------------------|----------------|----------------|--|-------------------------|---------------------|------------------|
| | | Number # | Amount \$ | Stock Options \$ | RSUs \$ | Warrants \$ | Accumulated comprehensive income \$ | Total reserves \$ | Deficit \$ | |
| Balance, September 30, 2023 | | 108,336,253 | 20,264,173 | 963,861 | 127,637 | 699,788 | (254,000) | 1,537,286 | (19,356,879) | 2,444,580 |
| Exercise of warrants | 5 | 1,200,000 | 85,888 | - | - | (3,888) | - | (3,888) | - | 82,000 |
| Modification of warrants | 6 | - | - | - | - | 93,880 | - | 93,880 | (93,880) | - |
| Expired warrants | 6 | - | - | - | - | (589,994) | - | (589,994) | 589,994 | - |
| Vested RSUs | 5 | 62,500 | 2,886 | - | (2,886) | - | - | (2,886) | - | - |
| Forfeited options | 7 | - | - | (47,511) | - | - | - | (47,511) | 47,511 | - |
| Share-based compensation | 7,8 | - | - | 15,179 | (1,650) | - | - | 13,529 | - | 13,529 |
| Net loss | | - | - | - | - | - | - | - | (632,450) | (632,450) |
| Balance, December 31, 2023 | | 109,598,753 | 20,352,947 | 931,529 | 123,101 | 199,786 | (254,000) | 1,000,416 | (19,445,704) | 1,907,659 |
| Balance, September 30, 2022 | | 68,122,653 | 16,817,468 | 1,102,535 | 195,676 | 790,135 | 649,000 | 2,737,346 | (13,033,246) | 6,521,568 |
| Vested RSUs | 5 | 150,000 | 9,000 | - | (9,000) | - | - | (9,000) | - | - |
| Cancelled and forfeited options | | - | - | (112,490) | - | - | - | (112,490) | 112,490 | - |
| Share-based compensation | 7,8 | - | - | 10,822 | 55,692 | - | - | 66,514 | - | 66,514 |
| Net loss | | - | - | - | - | - | (10,000) | (10,000) | (428,810) | (438,810) |
| Balance, December 31, 2022 | | 68,272,653 | 16,826,468 | 1,000,867 | 242,368 | 790,135 | 639,000 | 2,672,370 | (13,349,566) | 6,149,272 |

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

Anonymous Intelligence Company Inc.

Consolidated Statements of Cash Flows

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

| | 2023 | 2022 |
|---|-----------|-----------|
| | \$ | \$ |
| Operating activities | | |
| Net loss | (632,450) | (428,810) |
| Items not affecting cash | - | - |
| Amortization | 138,355 | 147,105 |
| Share-based compensation | 13,528 | 66,514 |
| Accrued interest and accretion expense | - | 1,585 |
| Government grant | - | (20,000) |
| Unrealized gain on derivative | - | 16,000 |
| Unrealized loss on fair value changes of contingent consideration payable | 232,840 | - |
| Changes in non-cash working capital items | | |
| GST recoverable | 649 | 573 |
| Prepays and other assets | 15,442 | 69,741 |
| Accounts payable and accrued liabilities | 93,417 | (39,569) |
| | (138,219) | (186,861) |
| Investing activities | | |
| Intangible assets development costs | (32,976) | (37,180) |
| Financing activities | | |
| Shares issued for cash | 82,000 | - |
| Proceeds from (Repayment of) loans and borrowings | 12,000 | (40,000) |
| | 94,000 | (40,000) |
| Decrease in cash and cash equivalents | (77,195) | (264,041) |
| Cash and cash equivalents, beginning of year | 133,735 | 1,104,535 |
| Cash and cash equivalents, end of year | 56,540 | 840,494 |
| Cash and cash equivalents consist of | | |
| Cash | 56,540 | 40,494 |
| GIC | - | 800,000 |
| Supplemental cash flow information | | |
| Intangible assets in accounts payable | 47,467 | 10,928 |

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

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

1. Nature of operations and going concern

(a) Nature of operations

Anonymous Intelligence Company Inc. (the “Company” or “ANON”) was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia. The Company’s registered office is located at 900 – 885 West Georgia Street, Vancouver, BC, V6C 3H1.

The Company is a computational intelligence, decentralized network and data technology company, focused on leveraging its proprietary suite of Artificial Intelligence (AI) and privacy enabled products to increase confidence in technology for consumers and businesses. Its primary product and service offerings include the Limitless VPN, Turminal.ai and Haller.ai.

(b) Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred losses and negative operating cash flows since inception. During the three months ended December 31, 2023, the Company recorded a net loss of \$632,450 (2022 – \$428,810) and as of December 31, 2023, had an accumulated deficit of \$19,445,704 (September 30, 2023 – \$19,356,879) and working capital deficiency \$328,648 (September 30, 2023 – working capital deficiency of \$129,946). The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the availability of equity and debt financings. Management is committed to raising additional capital to meet its financial obligations and commitments, fund its growth initiatives, capital expenditures and sustain its operations in the normal course of business (Note 11). Although the Company has raised funds in the past, there can be no assurance that the Company will be able to secure additional adequate financing. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company’s ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

Basis of presentation and consolidation

These condensed interim consolidated financial statements (the “Financial Statements”) have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Financial Statements should be read in conjunction with the Company’s annual financial statements as at and for the year ended September 30, 2023 (the “Annual Financial Statements”). The accounting policies and critical estimates applied by the Company in the Financial Statements are the same as those applied in the Annual Financial Statements. The Financial Statements do not include all the information required for full annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the most recent Annual Financial Statements.

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

2. Significant accounting policies (continued)

Basis of presentation and consolidation (continued)

The Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, Haller.ai Technologies Inc. ("Haller") and BHR Capital Corp. ("BHR").

The Financial Statements were approved and authorized for issue by the Board of Directors of the Company on February 28, 2024.

3. Intangible assets

The changes in the carrying amount of intangible assets are as follows:

| | Haller (a) | Limitless VPN | Total |
|---------------------------------|---------------|---------------|-----------|
| | \$ | \$ | \$ |
| Cost | | | |
| Balance, September 30, 2022 | - | 5,406,109 | 5,809,081 |
| Acquisition (a) | 3,297,692 | - | 3,297,692 |
| Development costs | - | 52,981 | 52,981 |
| Balance, September 30, 2023 | 3,297,692 | 5,459,090 | 9,159,754 |
| Development costs | - | 32,976 | 32,976 |
| Balance, December 31, 2023 | 3,297,692 | 5,492,066 | 9,192,730 |
| Accumulated amortization | | | |
| Balance, September 30, 2022 | - | 1,622,431 | 2,009,376 |
| Amortization | - | 544,068 | 560,095 |
| Impairment (a) | 3,047,692 | - | 3,047,692 |
| Balance, September 30, 2023 | 3,047,692 | 2,166,499 | 5,617,163 |
| Amortization | - | 138,355 | 138,355 |
| Balance, December 31, 2023 | 3,047,692 | 2,304,854 | 5,755,518 |
| Net book value | | | |
| September 30, 2023 | 250,000 | 3,292,591 | 3,542,591 |
| December 31, 2023 | 250,000 | 3,187,212 | 3,437,212 |

(a) Acquisition of Haller

On July 11, 2023, the Company acquired Haller.ai Technologies Inc. ("Haller"), a private technology company focused on the development of an artificial-intelligence powered document generation platform (the "AI Platform"). The Company acquired all of the issued and outstanding shares of Haller for aggregate consideration of \$3,241,672 comprised primarily of 20,000,000 common shares, 10,000,000 warrants, finder's fees of 2,000,000 common shares and a pre-acquisition loan of \$100,000 which was settled on closing of the acquisition. Certain of the common shares and warrants issued are subject to resale restrictions and will be released on achievement of future performance milestones related to revenue targets. The transaction was accounted for as an asset acquisition

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

3. Intangible assets (continued)

(a) Acquisition of Haller (continued)

| | \$ |
|---|------------------|
| Consideration | |
| 15,000,000 common shares | 1,904,179 |
| Acquisition cost – 2,000,000 common shares | 290,000 |
| Acquisition cost – legal fees | 5,891 |
| Loan settlement | 100,000 |
| Contingent consideration – 5,000,000 common shares ⁽¹⁾ | 378,213 |
| Contingent consideration – 10,000,000 warrants ⁽¹⁾ | 563,389 |
| | <u>3,241,672</u> |

⁽¹⁾ Represent the discounted amounts of the fair value gross consideration of the shares of \$420,236 and warrants of \$704,237 to be released upon achievement of revenue targets. The warrants are exercisable at \$0.25 per share expiring July 11, 2028.

The purchase price consideration was allocated as follows:

| | \$ |
|--|------------------|
| Net identifiable assets acquired (liabilities assumed) | |
| Cash | 21,483 |
| Intangible assets | 3,297,692 |
| | <u>3,319,175</u> |
| Accounts payable and accrued liabilities | <u>(77,503)</u> |
| | <u>3,241,672</u> |

As at September 30, 2023, there were events and changes in circumstances that affected the fair value of the AI Platform including a significant increase in competition in the AI market and a change in strategic plans of the Company whereby it has decided to defer enhancements and further development of the AI Platform in order to focus on the Limitless VPN. As a result, as at September 30, 2023, the Company determined the carrying value of the AI Platform at \$250,000 and recognized an impairment charge of \$3,047,692 during the year ended September 30, 2023.

4. Related party transactions

Key management compensation for the three months ended December 31, 2023 and 2022 consisted of the following:

(a) Compensation of key management personnel

| | 2023 | 2022 |
|--|--------|--------|
| | \$ | \$ |
| Former CEO management fee ⁽¹⁾ | 30,000 | 30,000 |
| CFO salary | 29,293 | 58,575 |
| Share-based compensation ⁽²⁾ | 9,968 | 20,098 |

⁽¹⁾ CEO management fee is paid to Walrus Enterprises, a company controlled by Lucas Russell, CEO.

⁽²⁾ Share-based compensation represents the fair value of options granted and RSUs vested to directors and officers of the Company.

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

4. Related party transactions (continued)

(b) Related party balances

The following related party amounts were included in (i) loans and borrowings and (ii) accounts payable and accrued liabilities as at December 31, 2023 and September 30, 2023:

| | December 31, 2023 | September 30, 2023 |
|---|-------------------|--------------------|
| | \$ | \$ |
| (i) Loan from a former director ⁽¹⁾ | 100,000 | 100,000 |
| (ii) Due to a director and former officers ⁽²⁾ | 71,000 | 50,000 |

⁽¹⁾ Pursuant to a promissory note dated September 30, 2014 with Tom Musial, a former director of the Company. The loan is unsecured, non-interest bearing and due on September 30, 2015. The loan was extended to December 1, 2016, for a one-time interest charge of \$20,000.

⁽²⁾ Management fees of \$50,000 (September 30 - \$50,000) is due to Allan Larmour, a director and former CEO of the Company and \$21,000 (September 30 - \$Nil) to Lucas Russell, former CEO of the Company. The amounts due are unsecured, non-interest-bearing and without fixed terms of repayment.

5. Share capital

(a) Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

(b) Issued and outstanding

As at December 31, 2023, the Company's outstanding share capital consisted of 109,598,753 (September 30 2023 – 108,336,253) issued and fully paid common shares.

The following shares were issued during the three months ended December 31, 2023:

- (i) 62,500 common shares were issued for vested RSUs. The fair value of the RSUs of \$2,886 was reclassified from reserves to share capital on the issuance of these shares.
- (ii) An aggregate of 1,200,000 common shares were issued for gross proceeds of \$82,000 pursuant to warrant exercises. The fair value of the warrants of \$3,888 was reclassified from reserves to share capital on the issuance of these shares.

The following shares were issued during the three months ended December 31, 2022:

- (iii) An aggregate of 150,000 common shares were issued for vested RSUs. The fair value of the RSUs of \$9,000 was reclassified from reserves to share capital on the issuance of these shares.

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

6. Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company.

| | Warrants | Weighted average exercise price |
|-----------------------------|-------------|------------------------------------|
| | # | \$ |
| Balance, September 30, 2022 | 21,998,065 | 0.15 |
| Issued | 23,215,600 | 0.14 |
| Exercised ⁽¹⁾ | (3,873,000) | 0.07 |
| Expired | (558,078) | 0.40 |
| Balance, September 30, 2023 | 40,782,587 | 0.15 |
| Exercised ⁽²⁾ | (1,200,000) | 0.07 |
| Expired ⁽³⁾ | (4,723,654) | 0.40 |
| Balance, December 31, 2023 | 34,858,933 | 0.12 |

⁽¹⁾ During the year ended September 30, 2023, the weighted average price of the shares on the dates of exercises of the warrants was \$0.15.

⁽²⁾ During the three months ended December 31, 2023, the weighted average price of the shares on the dates of exercises of the warrants was \$0.05.

⁽³⁾ During the three months ended December 31, 2023, the aggregate fair value of expired warrants of \$589,994 was transferred from reserves to deficit.

The following table summarizes the warrants outstanding as at December 31, 2023:

| Exercise Price | Expiry date | Warrants |
|----------------|------------------------------------|------------|
| \$ | | # |
| 0.06 | April 24, 2028 | 11,315,600 |
| 0.07 | January 31, 2026 ⁽¹⁾⁽²⁾ | 13,543,333 |
| 0.25 | July 11, 2028 | 10,000,000 |
| | | 34,858,933 |

⁽¹⁾ On February 16, 2023, the Company extended the expiry date of these warrants to January 31, 2024 from the original expiry dates of between February 18, 2023 and January 18, 2024. During the year ended September 30, 2023, the Company recorded a fair value incremental change of \$119,988 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 4.80%; dividend yield of 0%; stock price volatility of 119.64%; and an expected life of 0.96 years.

⁽²⁾ On December 8, 2023, the Company extended the expiry date of these warrants from January 31, 2024 to January 31, 2026. During the three months ended December 31, 2023, the Company recorded a fair value incremental change of \$93,880 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 4.16%; dividend yield of 0%; stock price volatility of 153%; and an expected life of 2.15 years.

As at December 31, 2023, the weighted average contractual life of the warrants was 3.65 years (2022 – 0.98 years).

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

7. Stock options

The Company has an Omnibus Equity Incentive Plan (the “Plan”) which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Canadian Securities Exchange (the “Exchange”) requirements, grant to directors, officers, employees and consultants of the Company, equity-based incentive awards in the form of stock options (“Options”), restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”). The Plan is a rolling plan which provides that the aggregate maximum number of common shares that may be issued upon the exercise or settlement of awards granted under the Plan shall not exceed 10% of the Company’s issued and outstanding common shares from time to time.

A summary of the status of the options outstanding is as follows:

| | Stock options | Weighted average exercise price |
|--------------------------------------|---------------|---------------------------------|
| | # | \$ |
| Balance, September 30, 2022 | 3,475,000 | 0.10 |
| Granted | 400,000 | 0.07 |
| Exercised | (100,000) | 0.10 |
| Cancelled and expired ⁽¹⁾ | (450,000) | 0.14 |
| Balance, September 30, 2023 | 3,325,000 | 0.09 |
| Granted | 1,300,000 | 0.05 |
| Forfeited ⁽²⁾ | (250,000) | 0.09 |
| Balance, December 31, 2023 | 4,375,000 | 0.08 |

(1) During the year ended September 30, 2023, an aggregate fair value of \$134,985 was transferred from reserves to deficit related to 100,000 expired options and 350,000 cancelled options.

(2) During the three months ended December 31, 2023, an aggregate fair value of forfeited options of \$47,511 was transferred from reserves to deficit.

The following table summarizes the options outstanding and exercisable as at December 31, 2023:

| Exercise Price | Expiry Date | Outstanding and Exercisable |
|----------------|--------------------|-----------------------------|
| \$ | | # |
| 0.12 | October 28, 2024 | 75,000 |
| 0.095 | February 14, 2027 | 2,325,000 |
| 0.095 | July 20, 2027 | 200,000 |
| 0.095 | August 30, 2027 | 150,000 |
| 0.095 | September 21, 2027 | 75,000 |
| 0.06 | November 30, 2027 | 250,000 |
| 0.05 | November 21, 2028 | 1,300,000 |
| | | 4,375,000 |

As at December 31, 2023, the weighted average contractual life of the stock options was 3.39 years (2022 – 4.20 years).

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

7. Stock options (continued)

During the three months ended December 31, 2023, the Company recorded share-based compensation of \$15,179 (2022 – \$10,822) for stock options granted and vested during the period. The fair value of stock options granted was determined using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of grant:

| | 2023 | 2022 |
|----------------------------------|------|---------|
| Risk-free annual interest rate | - | 3.73% |
| Expected annual dividend yield | - | 0% |
| Expected stock price volatility | - | 162.29% |
| Expected life of options (years) | - | 3 |
| Forfeiture rate | - | 15% |

The weighted average fair value of stock options granted during the three months ended December 31, 2023 was \$Nil (2022 - \$0.04) per option.

8. Restricted share units (“RSUs”)

Under the terms of the Plan, RSUs may be awarded to directors, officers, employees and consultants of the Company which will be released as common shares at the end of each vesting period. Each RSU gives the participant the right to receive one common share of the Company.

A summary of the status of the RSUs outstanding is as follows:

| | RSUs | Weighted average issue price |
|-----------------------------|-------------|------------------------------|
| | # | \$ |
| Balance, September 30, 2022 | 1,662,500 | 0.39 |
| Granted | 300,000 | 0.07 |
| Released | (1,025,000) | 0.37 |
| Cancelled | (275,000) | 0.41 |
| Balance, September 30, 2023 | 662,500 | 0.26 |
| Granted | 650,000 | 0.015 |
| Released | (62,500) | 0.06 |
| Forfeited | (62,500) | 0.08 |
| Balance, December 31, 2023 | 1,187,500 | 0.15 |

The following table summarizes the RSUs outstanding as at December 31, 2023:

| Issue Price | Expiry date | RSUs outstanding |
|-------------|-------------------|------------------|
| \$ | | # |
| 0.41 | February 14, 2024 | 362,500 |
| 0.095 | July 20, 2024 | 25,000 |
| 0.095 | August 30, 2024 | 25,000 |
| 0.06 | November 30, 2024 | 125,000 |
| 0.015 | November 21, 2025 | 650,000 |
| | | 1,187,500 |

The weighted average remaining contractual life of RSUs is 0.83 years (2022 – 1.29 years).

Anonymous Intelligence Company Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023 and 2022

(In Canadian dollars)

8. Restricted share units ("RSUs") (continued)

During the three months ended December 31, 2023, the Company recorded share-based compensation of \$(1,650) (2022 - \$55,692) for RSUs granted and vested during the period. The weighted average fair value of RSUs granted during the three months ended December 31, 2023 was \$0.015 per share (2022 - \$0.06).

9. Fair value of financial instruments

At December 31, 2023, the Company's financial instruments consist of cash and cash equivalents, other assets, accounts payable and accrued liabilities and loans and borrowings. The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term maturity.

10. Financial instruments risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at December 31, 2023, the Company had working capital deficiency of \$328,648 (September 30, 2023 – working capital deficiency of \$129,946). The Company is pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures (Note 11). There is no assurance that the Company will be successful in these initiatives. The Company's capital expenditures mainly consist of the development of its technology platforms. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

11. Subsequent events

The following events occurred subsequent to December 31, 2023:

- (a) On February 20, 2024, the Company announced a consolidation of all of its issued and outstanding common shares on the basis of ten (10) pre-consolidated common shares for one (1) post-consolidated common share.
- (b) On February 22, 2024, the Company announced a non-brokered private placement of up to 16,000,000 units on a post-consolidation basis at a price of \$0.05 per Unit for gross proceeds of up to \$800,000. Each consists of one common share and one warrant exercisable at \$0.10 per share for a period of two years.